

## Welsh miners spearhead a nationwide strike

South Wales miners go on strike today, aiming to spread the dispute to the rest of their industry and beyond and presenting the Government with its most serious challenge from the unions. Pitmen in Scotland and Kent said they would strike on Monday in protest against the coal board's plan to close Welsh collieries in several areas.

## Government faces its toughest challenge

Paul Routledge  
Labour Editor

The Government today faces its most critical challenge from a trade union since taking office when the South Wales miners go on strike and seek to read disruption to the rest of a coalmining industry and beyond. Mr Emlyn Williams, national president of the National Union of Mineworkers (NUM), said yesterday: "I believe that every other industry will join us in a strike."

Pitmen in the productive and profitable south Wales coalfield are to begin their strike today, and apart from the accepted closure of New Tredegar colliery, no further action is expected. But when the Scottish miners meet on Monday, the closure of two or three pits will be announced. Pithead meetings in Scotland are to begin on Friday, the day after the NUM national executive meets to hear the outcome of regional talks with the coal board and decide whether to recommend a national strike in a secret ballot of the men.

Mr Michael McGahey, Scottish miners' president, said yesterday that if there was a strike by miners with steel and rail workers and other trade unionists in support "it would be a battle in which the dimensions of the strikes of 1972 and 1974 would fade into insignificance."

Scottish miners would support a strike in the coalfield with closure because there was only one coalfield, the British coalfield. An attack on Durham miners was an attack on Scottish miners.

The pattern of closures emerging so far shows a concentration in the militant coalfields that might be expected to go on unofficial strike ahead of any decision by the national executive.

But the moderate areas, including some heavy loss-makers, have emerged relatively unscathed, and left-wing strategists believe that a carefully calculated process of the part of the board to disarm the moderates so that a pithead ballot would reject official strike action.

Mr Gormley last night appealed in vain to the Welsh miners to hold their fire for the sake of unity in the NUM. Pointing out that a 55 per cent majority was required under union rules to call an all-out stoppage, he said: "There are many people in the country today, even members of the union, who have the ability to go to law the northern region, the union does not take action if it is against the rules."

He argued that to prevent a national strike, the Government would have to accept that coal imports had to stop and that British coal should be subsidised.

Moderates angered and fight for survival, page 2  
Pit closures, page 12

## Budget refund from European Community lifts balance of payments current account excess to its highest level Slump in imports brings record UK trade surplus of £757m last month

By Frances Williams

Britain had a record trade surplus of £757m in January, as the economic recession brought a slump in imports.

The surplus on the balance of payments current account, including invisibles, also soared to the highest level of £957m, boosted by budget refunds from the European Community.

The huge trade surplus, which is double that in December and nearly £200m greater than the previous highest in October last year, is almost entirely the result of a slump of 11 per cent in the volume of imports, notably of basic materials for industry. Export volume also fell by nearly 3

per cent, but in value terms remained steady over the month.

Last November, the Treasury was predicting a surplus on the balance of payments current account of £2,000m in 1981, the same as in 1980.

The relative strength of exports in recent months has confounded predictions that worsening export prices over the last year, and the higher sterling exchange rate, would price exports out of foreign markets. Despite an 11 per cent rise in relative export prices over the last year, the volume of United Kingdom exports has been broadly steady over the last six months or so after falling in the first half of 1980.

This level of exports, though continuing longer than most economists predicted, is unlikely to be maintained. World markets for British goods are growing more slowly than last year, and competitiveness is continuing to deteriorate.

Most forecasters are expecting exports to decline by between 2 per cent and 6 per cent in 1981, with the Treasury putting the figure at 3 per cent, taking into account rising exports of oil in the coming year.

The surplus on oil trading in January was another record at £210m. Exports were up by 17 per cent on the month, and imports were down by about the same amount. Though the imports figure is abnormally

low the increased exports mark a continuing upward trend, and the trading surplus is expected to go on rising throughout the year.

The depressed state of British industry, which is now producing no more than it was in 1980, is the main cause of the remarkable plunge in import volumes last month. Imports began to fall away sharply in the first half of last year and the trend has been steadily downwards, though erratic from month to month.

But the size of last month's fall, with no special factors to explain it, must be considered freakish.

Though the volume of imports in January fell across the board (with the notable

exception of cars), the most severe falls were in basic materials (by 26 per cent), fuels, food, drink and tobacco, and chemicals.

Over the past three months to January, however, imports of food, drink and tobacco were steady and chemicals were up on the previous three months, while imports of cars fell 17 per cent.

Capital and intermediate goods have suffered greater falls than consumer goods over the past few months.

The pattern of imports thus almost exactly mirrors the pattern of the present recession. Consumer spending has remained fairly steady in spite of rising unemployment as pay rises last year outstripped inflation. But heavy destock-

ing by retailers and manufacturers, hit by high interest rates which make stocks expensive to finance, has led to rapidly falling production by domestic industry. The slump in manufacturing output last year was one of the steepest this century.

The slump on invisible trade, such as financial services and tourism, is projected at £200m a month in the current quarter, £100m higher than in the previous quarter. This reflects the fact that a budget refund of about £600m is due to be repaid to the United Kingdom by the European Community, the bulk of it before the end of the financial year.

Retail sales up, page 17  
Table, page 20

## Explosion at stadium before visit by Pope

Karachi, Feb 16—A man carrying explosives into a stadium where the Pope was to celebrate Mass was killed today when the device went off, senior Pakistani police officials said.

The explosion occurred about 20 minutes before the Pope, starting his first visit to Asia, was due to arrive at the stadium from Karachi airport.

A government statement later said three "suspicious characters" had tried to enter the stadium and were checked by security staff. "In the scuffle that followed a crude homemade device carried by one of the persons went off, wounding three people, including a police officer on duty." The man carrying the device died instantly.

Mr Paul Rappaport, public affairs officer of the United States Consulate in Karachi, said the explosion caused some panic among the crowd of 70,000. "Officials tried to calm the crowd by saying it was a transformer or a piece of television equipment that had caused the explosion, but it was not," he said.

Later it learnt that if the programme of the religious ceremony had not been put back 15 minutes due to a delay in the arrival of the Pope's aircraft, the explosion could have caused many more injuries in the seats reserved for diplomats where the bomb had been placed. It took place about 40 metres from the Pope's plane, thought unlikely that anyone would have been injured if he had been in the stadium.

The Pope, who urged greater dialogue between Muslims and Christians, celebrated Mass at the stadium and later left for the Philippines without being held of the field.

His tour of the Far East is the most ambitious journey he has so far undertaken (Peter Nichols writes from Rome). He will cover about 20,500 miles with principal stops in the Philippines and Japan. The journey will last 12 days.

He will also stop briefly in Guam and Anchorage. He will stay five days in the Philippines and three and a half in Japan where he will visit both Nagasaki and Hiroshima.

Manila prepares, page 6  
Leading article, page 13



Photograph by Brian Harris

Ministerial embrace: Lord Soames, the Governor who handed over Zimbabwe to independence, greets Mr Enos Nkala, the Minister of Finance, at the opening of his country's new High Commission at Zimbabwe House in the Strand yesterday. Dr Witens Mangwende, the Foreign Minister, opened the building that had stood empty as Rhodesia House during the 15 years of the colony's rebellion. Mr Eddison Zvobgo, the Patriotic Front spokesman at the

Lancaster House conference and now Minister of Local Government and Housing, used the occasion to play down reports of fighting among former guerrilla forces that has left perhaps 250 dead in the past week. Dr Mangwende said the British press gave a distorted picture of life in Zimbabwe. "The situation is not as bad as it is painted," he said. "We have achieved what many Governments have failed to achieve in 20 years—peace." (Report, page 6.)

## Zimbabwe guerrillas finally lay down arms after Nkomo plea

From Nicholas Ashford  
Salisbury, Feb 16

The tension in Bulawayo was defused by Mr Joshua Nkomo today. He persuaded the Zipra men, who form the guerrilla wing of his Patriotic Front Party, to lay down their arms in Bulawayo township.

Until this morning, the Zipra guerrillas had refused to move from their camp even though the rival Zankla forces had pulled out yesterday.

At about the same time that Mr Nkomo was ending the flare-up of tribal violence, the Zimbabwean joint high command which represents the former Zipra and Zankla armies as well as the former Rhodesian security forces, met in Salisbury to consider the future of the new national army.

Which represents the former Zipra and Zankla armies as well as the former Rhodesian security forces, met in Salisbury to consider the future of the new national army.

At present equal numbers of Zankla and Zipra men are being brought together to form the integrated battalions. So far 12,000 men have been formed into 12 battalions. It is planned to establish three new battalions each month between now and August so that by the time the process is complete the new army will contain about 33,000 former guerrillas.

During last week's fighting the insurrection spread to three of these new battalions: Number 1/3 Battalion based at Glenville, to the west of Bulawayo, number 1/2 Battalion at Ntshabanda to the east of Bulawayo, and the 4/1 Battalion at Comemara near the Midlands town of Que Que.

The battalion at Ntshabanda was considered a showpiece of the new army. Critics of the present integration process argue that it has been too rushed and that political passions should be allowed to cool down before attempts were made to bring together the two rival groups. It is also

argued that all the guerrillas should be disbanded before they join integrated units.

Against this is the view that the integration process survived last week's unrest remarkably well. Only three of the twelve new battalions were affected by the unrest, and three further battalions in the process of being formed—two of them within the vicinity of Bulawayo—were unaffected.

The final decision on the army's future will be taken by Mr Robert Mugabe, the Prime Minister who is also Minister of Defence, and Mr Emmerson Mnangagwa, his recently promoted security chief.

Mr Nkomo, who retained a defence advisory role after last month's Cabinet reshuffle, is also likely to be included in the negotiations, particularly after the crucial role he played today in the embattled Entabane township, where, after speaking to Zipra leaders, he appealed to the guerrillas to leave in order to avoid endangering civilian life.

## Social democracy a threat to Tories, Mrs Williams says

By Fred Emery  
Political Editor

The emergence of the social democrats has put the Prime Minister in "dead trouble", Mrs Shirley Williams claimed last night, because "Mrs Thatcher was relying heavily on being able to present the Labour Party as an extremist and a Marxist party."

She went on: "She knows that if she cannot present her opponents in that way she is in dead trouble." Now she "has very little going for her" in the next election except North Sea oil and "it would be utterly irresponsible for her Government to use it for the purposes of buying its way back to an election victory."

Chattering in the newly opened office in Queen Anne's Gate, London, of the Council for Social Democracy, which has been founded as the forerunner of a new party by herself and the rest of Labour's "gang of four", Mrs Williams was obviously delighted to be under attack from Mrs Thatcher as well as the Labour leadership.

Questioned on the Prime Minister's implication in her speech last Saturday that the social democrats were a slower "poison" than Mr Wedgwood Benn's socialism, Mrs Williams

"The politics of her government are better at manufacturing extremists than any other force in British politics today. Despair, bread, extremism. With unemployment and bankruptcy all about, her govern-

ment, it seems to me, is creating extremists by the day."

Further, every social democratic government in Europe had been more successful in the economy than the Tories. Social democracy was a slow poison I would say it was a good diet for most people."

Mrs Williams spoke in the twilight, waiting for the electricity to be connected. The council has taken the second-floor office suite of four rooms with the option of four more on a "cheap" six-month lease. The party headquarters, it seems, will be elsewhere.

The offices are the venue today of another photo call for the "gang of four" who launched the "Limehouse declaration".

Volunteers, up to ten a day, are at work opening the cascade of mail solicited by the recent advertisement in *The Guardian*. So far, Mrs Williams says, they have counted about £34,000 in donations. About £9,000 came in in small sums in about 12,000 letters to the "gang of four" as individuals.

But *The Guardian* advertisement had produced between £20,000 and £25,000. They still had one mail bag to open. Most donations had been small but a few had been more than £1,000, although the idea that it was coming "from Labour" was being challenged. Mrs Williams said she was "not a Labour MP for Teesside, Thornaby... He is expected to tell his constituency on Friday that he will not stand again as Labour candidate."

The centre in turmoil, page 2.

## Hunger men in dirty protest

From David Nicholson-Lord

being moved back to the Maze from Musgrave Park Hospital, Belfast, last month.

The Northern Ireland Office said the men were asked if they intended to conform with prison regulations, including the wearing of prison issue civilian clothing, and they refused. They were placed in uniformed cells and immediately began fouling them.

The men's action is a further indication of a hardening of attitudes inside the H-Blocks at the Maze in the run-up to a second hunger strike.

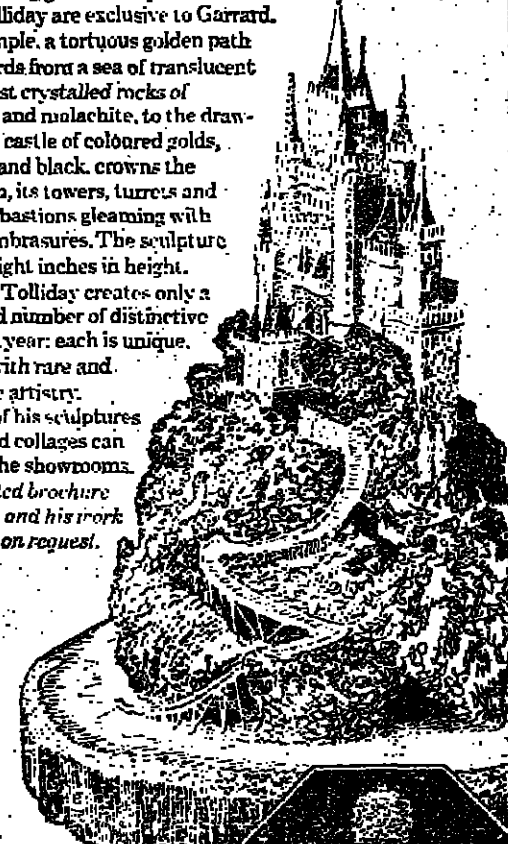
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by William Tolliday

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William Tolliday creates only a very limited number of distinctive pieces each year; each is unique, fashioned with rare and imaginative artistry. Examples of his sculptures and jewelled collages can be seen in the showrooms. An illustrated brochure of the artist and his work will be sent on request.



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## Rejection of 10% offer by water workers precast as unofficial action begins

David Felton  
Labour Reporter

Fears that unions in the water and sewerage industry could not be able to restrain their members from taking official action proved correct yesterday when about 2,000 workers in the North started a work-to-rule in defiance of advice from their union leaders.

The employers were prepared to meet unofficial action, but the rejection earlier this year by union negotiators of a "final" 10 per cent pay offer. There were strong indications last night that the offer had been heavily defeated by the 100 workers in England and Wales.

As the action spread throughout Durham and Northumberland, with the prospect

of more workers in the areas joining in this morning, delegates representing 2,000 workers in South Wales yesterday voted unanimously to reject the deal and called for a national strike.

South Wales is traditionally a militant area, and union officials were urging calm last night to prevent workers there following the example of their colleagues. But the employers and the Government were concerned at the vote by delegates representing the moderate 2,500 workers in the northern region, including Durham and Northumberland, which was unanimous in rejecting the offer and calling for a national strike.

Officials of the General and Municipal Workers' Union (GMWU) which is dominant in

the industry, were forecasting last night that the votes at other delegate conferences later this week would be influenced by the north-east action. The militant London region meets today. It is also expected to call for strike action.

The other main union in the industry, the National Union of Public Employees, is also consulting its water industry members. A vote of no confidence in union negotiators for not calling a national strike after rejecting the offer, has been tabled for Friday's meeting of the union's water committee in Wales.

Mr Rodney Bickerstaffe, NUPE national officer, said last night that there was a great feeling of frustration among the members.

## Rush for shares

The Government's flotation of 100 million shares in British Aerospace was a three-and-a-half times oversubscribed. The shares, on offer at 150p each, represent a 50 per cent stake in the group. More than 155,000 separate applications were received, a high proportion from small investors. Page 17

## Niedermayer jail term

A man was jailed at Belfast Crown Court for 20 years for the manslaughter in 1973 of Mr Thomas Niedermayer, the West German consul in Northern Ireland. Mr Niedermayer, who was kidnapped by the IRA, was to have been offered in exchange for the London car bombers, the Price sisters. Page 3

## Reflation call by Tory

Reflation in certain sections of industry was urged by Mr Norman St John-Stevens. Pressing for action by the Prime Minister, he said he feared unemployment would get out of control and that it would be too late next year for reflation. Page 2

## More Labour peers

Mrs Margaret Thatcher is expected to announce today a handful of Labour peers after a request from Mr Michael Foot, Leader of the Opposition. The request was made after pressure from senior Labour peers who felt there was a serious shortage of "working" members on the front bench. Page 2

## Defence economies

Withdrawal of a divisional headquarters from West Germany is among possible economies being considered by the Army. Others include fewer bands, merging some small specialist corps, and rationalization of infantry administrative posts. Over-spending could mean a cut of about £100m for each Service. Page 4

Jerusalem: Setback for Israelis as court rules on electricity takeover. 7  
Peking: Chinese told to guard against anti-Maoist excesses. 8  
Classified advertisements: Appointments, page 22; Legal appointments, 6; Personal, 22, 24; Sale rooms and antiques, 22.

Leader page 13  
Letters: On Soviet view of revolution, from Dr A. Stromas, and others; SAS at embassy, from the Attorney General; Cabinet and policy, from Lord Thorpecroft. Leading articles: Reagan's budget; The Pope in Asia. Arts, page 8  
John Russell Taylor on the work of William Johnstone and Gerald Wilde, and other new shows in London; Paul Griffiths on the London Stravinsky Festival; William Mann on Trio Evoco; Jean Chissell on Christoph Eschenbach and Justus Franz. Obituaries, page 14  
Karl Richter, conductor Noel Coby. Features, page 12, 15.  
Paul Routledge on the miners' challenge to the Tories; Nicholas Ashford on the war in Namibia.

Sury Menkes on fashion. Sport, pages 16, 17.  
Cricket: England in trouble after the West Indies first innings score of 429. Football: League leaders visit Nottingham Forest in sixth round of FA Cup. Business News, pages 16-21.  
Stock Markets: The prospect of a national miners strike and further gloomy news on the economy saw heavy selling of equities. But pits recovered after the trade figures. The FT index closed down 8.5 at 484.  
Business features: Patricia Tisdall reports on the business community's opposition to the local authority rate rise; Kate Finch on the Chordle Group's difficulties in Egypt; Hugh Stephenson on a waking nightmare for the Chancellor.

## Polish union ready for 10-day truce

Land's free trade union movement declared that it was ready to accept a 10-day truce in exchange for a genuine dialogue and a genuine partnership. Solidarity's official spokesman saw hope not just for a truce but for a genuine peace. But that did not mean that there would be no strikes in Poland. Page 6

## Strike by Basques

The Basque region of Spain was hit by a general strike in protest at the death of suspected ETA terrorist under interrogation in Madrid. An investigating magistrate was beginning hearings on the case involving five police officers in Madrid arrested after an autopsy on the man. Page 5







# HOME NEWS

## 20 years' jail for killer of German diplomat

Mr Thomas Niedermayer, the kidnapped German diplomat, died after he tried to escape during a bungled IRA attempt to free the London car bombers, Dolores and Marian Price, the prosecution said at Belfast Crown Court yesterday.

Lord Justice Jones was told that the Provisional Irish Republican Army, who had sworn Mr Niedermayer, aged 42, the West German consul in Northern Ireland, for the kidnapped sister.

John Christopher Bradley, aged 42, of Nettle Creek, Belfast, one of the captors, was jailed for 20 years for the manslaughter of Mr Niedermayer.

Eugene Anthony McManus, aged 51, of Rockville Street, Belfast, was jailed for five years. He admitted membership of the IRA and assisting those involved in the kidnapping and death of Mr Niedermayer.

Mr Niedermayer, who disappeared in December 1973, died while being held captive after attempting to make a dash for freedom from the house in Belfast where he was held, it was stated.

His body, bound hand and foot, was found nearly seven years later in a shallow grave about a mile from his home.

John Bradley, who admitted manslaughter, but pleaded not guilty to a charge of murder, which the judge accepted, told the police in a statement that members of the IRA gang said prayers over the body and that the whole affair had been an embarrassment to the IRA.

Mr Bradley had allegedly told the police that after Mr Niedermayer tried to escape he started to scream and was held down. He was hit on the head with a pistol.

"We held him for I do not know how long," Mr Bradley had said. "He was still struggling but then went limp. Someone said, 'The man is dead.'"

As well as being jailed for 20 years for manslaughter, Mr Bradley, married with four children, was given concurrent sentences ranging from five to 15 years on six further charges relating to assaulting and imprisoning Mr Niedermayer, having guns and nail bombs, and belonging to the IRA.

The judge told Mr Bradley, a former member of the R&F, "You have recognized the court, but you should not get a gold medal for that. This was a disgraceful act. You are nothing but a common criminal, and will be dealt with as such."

Turning to Mr McManus, Lord Justice Jones said: "You have pleaded guilty to membership of the IRA, which is at the root of many of the troubles in this province."

Earlier Mr Richard Ferguson, QC, for the defence of Mr Bradley, said: "He was not part of the original kidnapping."

"He never intended to kill or cause any harm to Mr Niedermayer. His role was to guard him."

Mr Tom Cahill, QC, for the defence of Mr McManus, said his client had not known about the kidnapping or how Mr Niedermayer met his death.

## Staff unions' overtime ban at BL gets poor backing

From Clifford Webb Birmingham

The start of a campaign to ban and impose work sanctions, called by BL staff unions opposing compulsory redundancies, got a poor response yesterday from the group's 22,000 white-collar workers.

Most of the 34 car plants reported no action of any kind. At those plants where the men voted to support the campaign, they did not seem to have their hearts in the dispute and were merely going through the motions.

The first 200 notices of compulsory redundancy went out yesterday. Although the management had said it would

bring forward all the 900 compulsory redundancies being sought if the unions went ahead with their campaign, it appears that the lack of militancy has led to a change of heart.

Volunteers are still coming forward and it seems likely that fewer compulsory cuts will have to be made before the March 31 deadline set by BL to achieve a 4,250 staff reduction.

More than 3,400 have volunteered to leave.

The danger is that a confrontation with an individual employee could bring about a withdrawal of labour in key plants such as Longbridge, where the Metro is produced.

## Lords ruling deferred in tax amnesty case

The House of Lords reserved judgment yesterday on the question whether small businessmen, angered by a tax amnesty granted to Fleet Street's 6,000 casual print workers, can sue the Inland Revenue.

A year ago the Court of Appeal ruled that the 50,000-strong National Federation of Self Employed and Small Businesses was entitled to sue the revenue in the present appeal, in what has become known as the "Micky Mouse" tax case, the revenue seeks to reverse that ruling.

The federation has sought a declaration that the revenue acted unlawfully in granting an amnesty to April 1977.

Some printing workers were said to have been defrauding the taxman by signing for pay packets with fictitious names such as "Mr M. Mouse".

## Children picket office in creche protest

Sir Denis Forman, chairman of Granada Television, arrived at work yesterday to find his office surrounded by a picket of the children of executives striking over the withdrawal of creche facilities.

The toddlers' parents, protesting at Granada's offices in Soho, London, were among 70 producers, directors and researchers who took part in a one-day strike, which delayed programmes, including World in Action and University Challenge.

Mr Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, told the strikers that Granada workers in Manchester held a lunchtime demonstration in support.

Granada blamed lack of demand for the decision to pull out of the creche it shared with other television companies and the TUC.

## Buses return to Guernsey

From Our Correspondent St Peter Port

Buses were run in Guernsey yesterday for the first time since November 19, when the former bus company closed because of heavy losses.

Guernseybus, a subsidiary of Trafalgar Leisure Investments, has started with six scheduled routes and is to introduce another five from next Monday.

The new company has taken

over the existing fleet of buses, most of them decorated as before. Many of the drivers are back at the wheel, although the staff has been reduced, and the same offices and garages are being used.

Guernsey has a population of 51,000 and 31,700 motor vehicles, including nearly 24,000 private cars. It is predicted that by the end of the century there could be 50,000 vehicles.

## Whitehall brief: University 'think tank' specializes in policy analysis

### Getting to grips with a chewed-up economy

By Peter Hennessy

One of the most unfortunate realities in British society is the divide that exists between the universities and the Whitehall branches of the thinking classes. By comparison, Washington veritably bursts with policy institutes that provide men of ideas for new administrations.

Professor Richard Rose, of Strathclyde University, is an American who has spent the bulk of his working life in Britain producing a prodigious output of scholarship on our politics and is well placed to ponder the relationship between Whitehall and universities.



Professor Rose: "Wrong to blame individuals."

In an article in the *International Social Science Journal*, Professor Rose has captured the institutional and career pressures that keep the two professions apart: "Power and influence, rather than knowledge and ideas, are the tokens of success at the highest level of government. A public official views knowledge or information as a means to an end, whereas a social scientist views it as an end in itself."

Strathclyde, like Nuffield College, Oxford, is among those

the practice of policy analysis, pinning down the factors that cause the efforts of government to fail apart. Professor Rose cites the example of the economy, the area of the country's most persistent policy failure since 1945.

"It is dead wrong to blame individuals, either ministers or civil servants. It is not the quality of the people. It cannot be. Look at the Treasury. Look at the economy. It is something in between, chewing it up."

Strathclyde has tried to focus on that "something in between" with a flood of studies in social policy on subjects ranging from Northern Ireland and the implementation of language policy in Welsh schools to regional and industrial economic policy and the general theme of overpopulation in government. They appear at the rate of 24 a year.

As an American, he is cautious about Washington-Whitehall analogies, the kind of thinking that suggests that if only London had a Brookings Institution a thousand policy flowers would bloom. British soil, he insists, is different. The country is the victim or

past success when nobody in politically or bureaucratically powerful circles felt the need of assistance from thinkers outside Whitehall because things were going very nicely. The setbacks of the 1970s have changed all that and even the Official Secrets Act, Professor Rose says, cannot disguise "the condition of England".

A policy analyst can also do a lot with the data that government publishes every year, he adds.

Mr Kevin Allen, codirector of the Strathclyde centre, an economist specialising in regional policy, is convinced that universities are perfectly placed to carry out research for government, as he and his team are doing for the Department of Industry and its German, French and Italian equivalents. They have the people, the libraries and the contacts.

Professor Rose adds two warnings. First, people in universities are not elected to govern the country; taking decisions is the responsibility of those who are. Second, "policy analysis is about diagnosing problems and identifying options. I am in the understanding business, not the solutions business."

## Labour holds back paper on rights of homosexuals

By Lucy Hodges

A policy document on the rights of homosexuals which was approved by the national executive committee of the Labour Party has been put aside, allegedly for financial reasons.

However, there are worries that the document is being suppressed because the Labour Party bureaucracy in Walsworth Road, south London, does not like its tenor.

The confidential document, entitled *The Rights of Gay Men and Women*, says that homosexuals face discrimination in virtually every aspect of their lives, particularly employment. Legislation to protect them is long overdue, it says.

The paper, which calls on the Labour movement to speak out on the issue, originated with the party's home policy committee, of which Mr Wedgwood Benn, MP for Bristol, South-east, is chairman.

Mr Benn wrote the foreword to a pamphlet published by the National Council for Civil Liberties last month called *Gay Workers: Trade Unions and the Law*. He said on its publication that the NEC policy document would be put into practice when the party was next in office.

Victims of attacks: About forty homosexuals were killed or disabled in attacks during the past three years, a report by the Campaign for Homosexual Equality said yesterday (the Press Association reports).

It said there were more than 260 incidents.

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## Singer must pay £10,000 for slandering publisher

Miss Dorothy Squires, the singer, must pay £10,000 damages for slandering publisher, a High Court judge decided yesterday.

Mr McGibbon had complained that on four occasions Miss Squires told business associates

that he had spent two years in jail.

The jury took 45 minutes to find against Miss Squires, aged 57, and award the damages. Mr Justice Caulfield ordered her to pay the costs of the case.

Last month she lost a libel action against Mr McGibbon, founder of Everest Books.

Both actions arose from a dispute over the proposed publication of Miss Squires's autobiography, *Rain, Rain Go Away*, which was written in 1975 but has not been published because of a clash over the contract.

That dispute is also due to be heard in the High Court. It is estimated that Miss

Squires, the former wife of Mr Roger Moore, the actor, will face a bill of £12,000 for costs in the two actions.

Mr Justice Caulfield yesterday granted Mr McGibbon an injunction to prevent Miss Squires repeating her allegations against him.

## Putting the Welsh into 'order'

From a Correspondent Caernarfon

Parliamentary history was made yesterday in the Welsh-speaking heartland when for the first time evidence was given to a select committee in Welsh.

The Commons Select Committee on Welsh Affairs met at the headquarters of Gwynedd County Council at Caernarfon, where simultaneous translation system was used.

Mr Leo Abse, Labour MP for Pontypool, the chairman, opened the proceedings with the word "Tawelwch" (Order).

He said it was the first time in history that an adjunct to Parliament was open to anyone who wished to speak in Welsh.

"You will have to forgive us that, alas, many of us do not know the language," he added. "I hope the day will come when it will be spoken not by the minority but by the majority of the people in Wales."

The committee, which will continue to hear evidence today, is discussing broadcasting in Welsh.

Representatives of Dwyfor district council, which covers the Llyn Peninsula, where 78 per cent of the population is Welsh-speaking, gave evidence first and welcomed the allocation of a Welsh language television channel.

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## HOME NEWS

# Withdrawal of divisional HQ from West Germany is among economies considered by the Army

By Henry Stanhope

Defence Correspondent

The withdrawal of a divisional headquarters from West Germany is among the options being considered by the Army as part of a package of defence economies that might have to be implemented this year.

Others include a reduction in the number of bands, mergers among some of the small, specialist corps and a rationalisation of administrative posts in the infantry organization in Britain.

The General Staff has ordered a review of all possible savings in case the Treasury insists that overspending by the Ministry of Defence during 1980-81 should be paid for out of the 1981-82 budget.

The amount of the overspending will not be known for several months, but is likely to be between £200m and £400m, which could mean in effect a cut of about £100m for each of the three main Services.

The Army, which refuses to accept that it escaped more lightly than the Royal Navy and the RAF in the recent £200m defence cuts, believes that some economies will be necessary anyway because of rising pressures on money and manpower.

These economies are being accelerated by the Ministry of Defence, which insists that the need for new equipment which imposes a need for more main-

tenance and support and partly by the fact that the £200m cut had lowered the baseline for future budgetary calculations. The extra, training cost, now 3,000 men short, has had to cut back on recruiting because of inadequate funds. A target of 14,500 adult males for 1980-81 was raised to 15,000 because of the numbers coming forward as a result of the recession.

That was pruned to 13,000 when it was found that the Ministry could not afford to fund the extra, training cost, and salaries. Recruiting targets for junior soldiers have had to be reduced from 11,000 to 10,000 and for women from 1,200 to 1,100.

The retention rate for the second half of 1980 was 11 per cent higher than for the preceding six months. But the General Staff had hoped to gather as many as possible now as an insurance against lean recruiting years in the mid-1980s.

The need for manpower economies is felt most acutely in the British Army of the Rhine (BAOR) where most new equipment like helicopters, missiles and armoured vehicles is stationed. Manpower in BAOR is slightly above the establishment figure of 55,000 and is in danger of rising much higher unless the Army starts to make savings.

The Army is reluctant to

economize on front-line regiments—or on the logistic units. So most of the options being looked at involve reducing the number of administrative jobs. The withdrawal of one of the four 900-strong divisional headquarters from BAOR would mean parcelling out its peace-time duties among the remaining three divisions. Meanwhile the headquarters staff might be given additional jobs in Britain, but would remain together so that they could return to BAOR for exercises or for an emergency.

The Army is reluctant to make a substantial reduction in the number of bands. But it is felt by some officers that the need for every infantry regiment to retain a band is now outdated.

There is also likely to be a renewed effort to merge some army services, like the medical branch, with the Royal Navy and the RAF on a triservice basis.

Those are all relatively minor adjustments which could have a big effect on morale, so the Army is wary of moving too quickly.

Officers insist, however, that there is no intention to reduce the size of BAOR below its 55,000 establishment figure. They want only to prevent it from rising far above that total.

We have the Rolls-Royce ready and are waiting for the driver

## Civil servants complete guerrilla pay campaign

By David Felton

Labour Reporter

Union leaders representing 530,000 white-collar civil servants are in the final planning stages of a campaign of industrial action which they intend to launch early next month unless the Government improves its 6 per cent pay offer.

A communications centre in Westminster will be linked with 40 regional action committees around the country to coordinate the guerrilla campaign and yesterday the union officials who will man the centre were given a final briefing by the senior London-based officials who will be meeting in almost continuous session to sanction requests from union members in specific areas.

Mr Peter Jones, secretary of the Council of Civil Service Unions, the umbrella body for the nine unions, said after the briefing: "We have the Rolls-Royce ready now and are just waiting for the driver to arrive."

The campaign, which is expected to cost at least £300,000 a week in strike pay to members taking action, is expected to last for several weeks if ministers decide to make no improvement on the offer before a meeting of the unions on Thursday next week, when the action will be sanctioned.

There has been speculation that ministers are prepared to relax the 6 per cent limit



Helpers in the campaign centre. Requests will be logged in quadruplicate.

slightly in order to avoid such an unprecedented campaign of action, and it was being suggested in Whitehall last night that the unions may be called to a meeting with Lord Soames, Lord President of the Council and minister responsible for the Civil Service, at the end of this week.

The campaign would be aimed at key government computer centres such as the Paye Income tax computers at Shipley, near Bradford, and Cumbernauld,

near Glasgow, and the equipment at Southend which handles VAT collections. Union leaders are hoping for a big turnout for a national one-day strike, which will probably be held on March 5, to launch the campaign. In addition to the selective strikes at computer centres, civil servants will be asked to work to rule, to hold meetings during working hours and to withdraw co-operation and good will.

The communications centre will be manned by 18 people during the day in two shifts, who will, in true Civil Service style, be required to log requests for assistance, finance or permission to take action, in quadruplicate for distribution to various parts of the strike organization.

Union leaders will take a policy decision next week on whether to sanction action in the sensitive departments of health and social security and employment.

## Fishermen step up Scots coast blockade

From Ronald Faux

Aberdeen

The fishermen's strike spread along the entire east coast of Scotland yesterday as skippers blockaded fishing ports in protest at the lack of official action to control cheap imports of fish.

The fleet from Arbroath put to sea but was recalled and boats from Fife that had intended to sail at midnight on Sunday decided to stay in port after strike organizers in Peterhead had appealed for their support.

Groups of fishermen from the north-east intercepted freezer lorries loaded with imported fish and tried, with little success, to prevent them from delivering to factories in Aberdeen. One strike official estimated that 2,500 boxes of fish had been brought in to Aberdeen by road.

The fishing vessels lay moored closely together in Aberdeen harbour; a line of boats was strung out across the entrance to the fishing port. Fishermen argued angrily with fish buyers who arrived at the quay to try to persuade them to lift the blockade.

Committees representing ports in north-east Scotland were considering whether to step up their action and prevent ships from operating on oil-related business from Aberdeen, Peterhead, Montrose and Dundee. A blockade of the oil terminal at Sullom Voe, Shetland, the largest oil port in Europe, is also being considered.

Appeal to ministers: The British Fishing Federation, representing vessel owners at seven main ports, will be at the Ministry of Agriculture, Fisheries and Food in London today pleading their case for early grant aid if bankruptcies are to be avoided (Our Hull Correspondent writes).

Mr Peter Walker, the minister, has said there is a case for an early review of the Government's financial aid programme.

The federation disclosed yesterday that an independent cost analysis showed that the trawler fleet lost £4.5m in the six months to December. In the same period the trawlermen were getting 10.8p at the quay-side for fish that cost them 14.7p to catch.

## Six months' jail for supporter

John Kenneth Hickford, aged 21, a Middlesex United supporter, who ran on to the pitch during a Leeds United and Middlesex match, was jailed at Leeds Magistrates' Court yesterday for six months.

Mr David Lewis, the magistrate, told Mr Hickford, of Hartburn, Stockton-on-Tees: "Your conduct may well have caused a riot, or near-riot." Mr Hickford admitted using threatening, abusive and insulting words or behaviour likely to cause a breach of the peace.

## Yachtswoman and friend on poisoning charge

Rosie Swale, the round-the-world yachtswoman, and her friend, Tracey Stamp, who had a sex-change operation 20 years ago, poisoned Miss Stamp's friend, Keith Vincent, a jury was told at Winchester Crown Court yesterday.

Mr Roger Titheridge, QC, for the prosecution, said that Miss Swale, aged 31, and Miss Stamp, aged 45, formerly Bernard Stamp, used a poison called cyanide from the seeds of the laburnum tree.

They gave it to Mr Vincent not to cause him serious injury but to keep him out of the way, counsel added.

The accused couple also hatched a plot to have Mr Vincent jailed for breaking an undertaking not to enter them, he added. They arranged for a wreath to be sent to Miss Stamp, making out it had come from Mr Vincent, with the

## Fire disaster on Dublin scale 'could happen in Britain'

By John Withrow

The fire that killed 44 people and injured more than 100 at a Dublin discotheque early on Saturday could happen in Britain, fire chiefs and the British Safety Council said yesterday.

"It is only by chance that the fire in Dublin happened there and not in the United Kingdom," Mr James Tye, director-general of the British Safety Council said in a statement.

He pointed out that he had given warnings for the past 10 years that discos, jazz clubs and other places of entertainment, particularly those for young people, were dangerous.

"They are not designed for safety, they contain highly flammable materials, they are inspected infrequently, if at all, and so-called fire precautions are not monitored."

Mr Tye said the council had predicted a fire on the Dublin scale for a long time. He is calling for tighter regulations, including the compulsory installation of sprinklers, the banning of foam furniture and padding and frequent inspection by fire prevention inspectors.

Mr Reginald Doyle, chief fire officer for Kent, said it would be impracticable to ban seating filled with polyurethane foam, which when ignited gives off

dense smoke, fierce flames and toxic fumes. But he added that more research should be undertaken into the possibility of using less dangerous foam.

Mr Doyle said there was a number of night clubs in Britain that operated illegally and had not been inspected by fire safety officers. Others might have modified decorations without fire service approval.

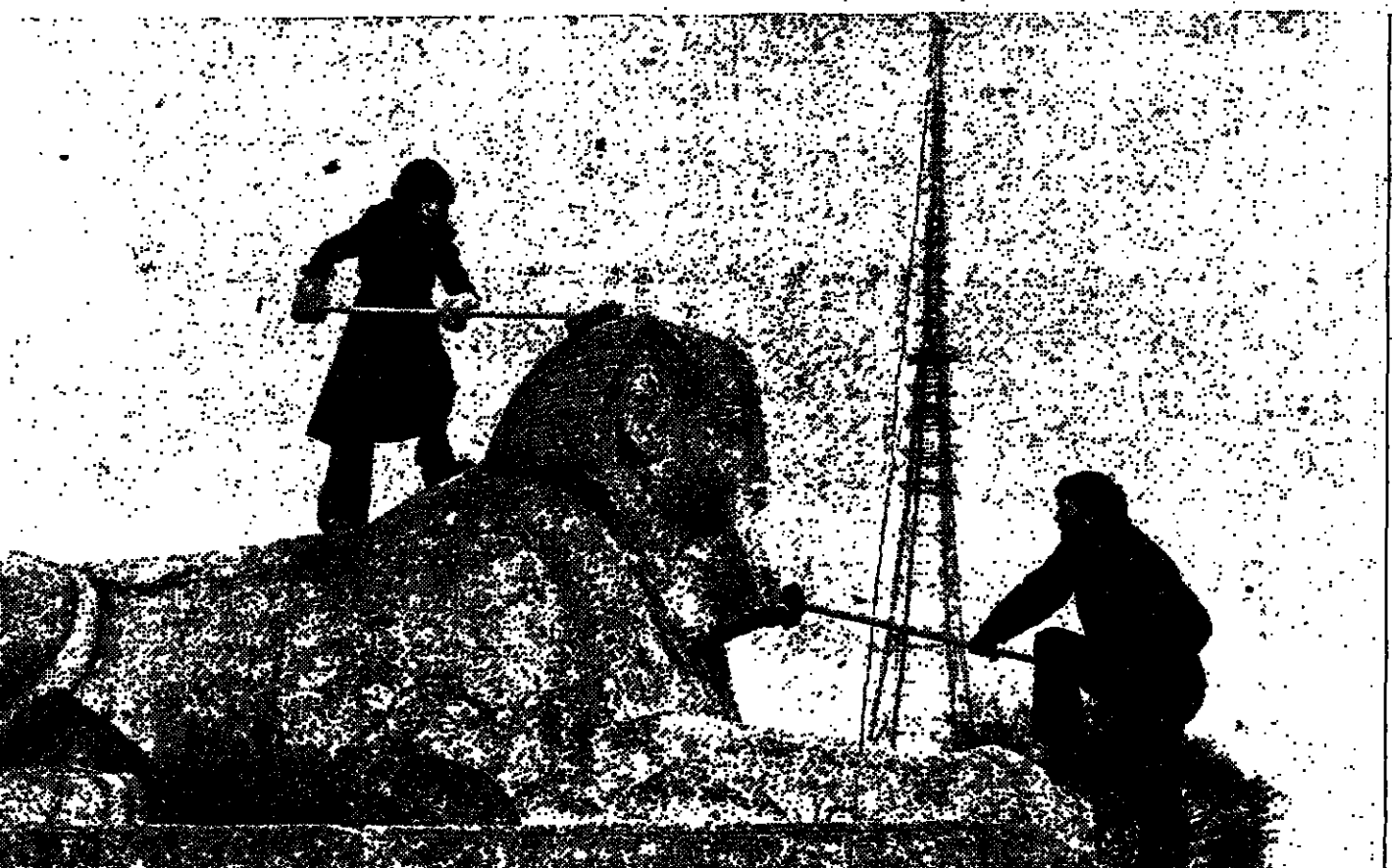
That could include putting up flammable curtains and false ceilings.

Mr Doyle felt that British regulations were adequate to combat most dangers from fire, but because of financial

cuts officers were unable to inspect premises as often as they would like. "Panic in a fire, however, can always cause the best laid plans to go wrong," he said.

Arson investigation: There is still no hard evidence that arsonists caused the Stardust Club fire, Chief Supt. John O'Driscoll, in charge of investigations, said in Dublin yesterday (The Press Association reports).

"Rumours are floating around and a number of allegations have been made in different places," he said. "But our minds are completely open."



Tracey McKay, aged nine, and Mr Keith Wyncoll, of the Crystal Palace Foundation, London, cleaning a dilapidated sphinx adorning a terrace on the old palace site. Volunteers of the foundation, set up in 1979, aim to preserve items of historical interest.

## Gaelic campaigners daub 'justice' on road signs

From a Staff Reporter

Inverness

Road signs in a wide area of the Scottish countryside north of Perthshire were defaced last weekend with the slogan "Ceartas", which is Gaelic for "Justice".

The action came after the failure of the private member's Bill on Gaelic in the Commons.

About forty road signs were defaced. A spokesman claiming to be from a Gaelic language group, calling itself Ceartas, telephoned the Aberdeen Press and Journal and announced that a long-running campaign would be launched similar in style to the Welsh language protest.

Militant Gaels were clearly

angered by the failure of the Bill and because Westminster took the view that Gaelic did not require further protection. The anonymous spokesman told the newspaper: "We now plan a campaign of civil disobedience which will include the destruction of transmitters in Scotland and England."

An Commun Gaidhealach, the society which is the chief promoter of Gaelic, had described the Bill as potentially the most important happening for a generation in the Gaelic world. Mr Colin Spencer, secretary, said yesterday that they were extremely disappointed that such a modest claim had been rejected and that it had taken five hours of debate to do it.

## Wife strangled man, 82, for money, QC says

Bernadine Arnett

her husband, aged 82, after a week's courtship, and strangled him 10 weeks later, Mr Peter Crowder, QC for the prosecution, said at Reading Crown Court yesterday.

Mrs Arnett, aged 51, had claimed it was because he demanded oral sex, but the real reason was that she married him and murdered him for his money, Mr Crowder said.

Mrs Arnett, of Mookwood Close, Newbury, Berkshire, denied murdering her husband by strangling him with her hands and a dressing gown cord on October 22 last.

Mr Crowder said Mr Arnett had been married to his first wife for 40 years up to her death in 1973. Since then he had lived alone in his £32,000 detached bungalow on a £124,000 pension from his job as a salesman.

He had never had an over-draft, but his second wife began to run one up soon after their marriage. Counsel added: "In a matter of 10 weeks he was dead. To put it in a nutshell, this lady, who is some 31 years younger than her husband, married him for his money and murdered him for his money."

"She was out for money. After some weeks it became apparent that he was not as sensible and stupid as she thought and there were indications that the will was going in another direction."

The trial continues today.

## Helicopter trial

Routine patrols by a helicopter were started by Thames Valley police yesterday for a six-week trial to see whether man hour savings can be achieved.

## New director for health education body

A nutrition expert based in the United States is to become director of the Health Education Council, the quango whose job is to persuade the nation to live a healthier life.

Professor Keith Taylor, aged 56, Professor of Medicine at the University of Stanford, is to take up the job on July 1 at £25,695 a year.

That is understood to be some £5,000 more than the salary of Mr Alastair Mackie, director general for eight years, who is to take an 18-month sabbatical until retirement after disagreements with some council members.

Mr Mackie, admired by journalists for an often abrasive style, was at times less popular with health educators and MPs. One campaign depicted a naked, pregnant woman and asked "Is it fair to ask your baby to smoke?"

Professor Taylor, born in London, qualified in medicine at Oxford.

By Diana Geddes

Education Correspondent

Big increases in the number of students training to become mathematics and science teachers were announced yesterday by Lady Young, Minister of State for Education and Science.

The numbers enrolling for one-year Post Graduate Certificate of Education (PGCE) courses in mathematics, physics and chemistry last autumn were 45 per cent up on the previous year, she told a departmental meeting in Kingston upon Thames.

Those students would be available for employment as

## New closed shop dispute in Midlands

From Arthur Oeman

Walsall

An appeal was made to Mrs Margaret Thatcher yesterday by two school "dinner ladies" threatened with dismissal in another closed shop dispute in the West Midlands.

The Labour-controlled council at Walsall, which adjoins Sandwell, where Miss Joanna Harris, aged 20, a poultry inspector, was dismissed last week for refusing to join a union, is ready to dismiss Mrs Joan Cooper, aged 52, of Falmouth Road, Walsall, and Mrs Doris Todd, aged 35, of Foxesway Drive, Edgbaston, Birmingham.

A telegram to Mrs Thatcher read: "Please help us. Dinner ladies closed shop dispute Walsall, West Midlands."

Mrs Cooper works at the Blue Coat Church of England infant school in Walsall, and Mrs Todd at the Streely Comprehensive School, where some of her kitchen colleagues have refused to sign to her because she has refused to join the National Union of Public Employees.

Both lost their appeals against joining when they appeared before a disputes panel last Friday. The panel comprised of Labour councillors, union officials and a legal adviser from the local authority.

Councillor Brian Powell, the leader of the council, said yesterday: "They could not justify not belonging to a trade union."

Eight other people, mostly ancillary workers, would be required to give their reasons for not joining a union.

Mrs Cooper, who has six children, said: "I realize that I cannot win this battle, but I am going to fight until I have to give up. I have never categorically said I would not join the union, but I will fight to stay out of it."

Mr Norris McWhirter, of the Freedom Association, had been in touch with them.

Mrs Todd said: "I have no intention of joining the union. We both felt the panel hearing was a waste of time and money. We felt at a disadvantage because they obviously had no intention of changing their minds and we felt it was a fair attempt."

More Home News, page 9

## Drug's effect is to lop 6,500ft off Everest

By Nicholas Timmins

Doctors in Birmingham University Medical School have found a drug that has the effect of lopping 6,500 ft off Mount Everest.

That may not turn the 29,000 ft mountain into a molehill, but the discovery could have considerable importance for the tens of thousands of people who go trekking in the Himalayas and Andes each year and a host of high altitude climbers, soldiers and even soldiers whose duty takes them to the higher and less hospitable parts of the world.

One man who apparently rates the benefits of the drug highly is Father Piers Grant-Ferris, the British Benedictine monk who spent eight days walking down the 23,000 ft Mount Aconcagua alone and without food last month. The Birmingham team supplied him with the drug for his climb and says he has written to say it was of great value.

The drug is acetazolamide, used in the treatment of glaucoma but now shown by a team of 20 from the Birmingham Medical Research Expeditionary Society to be of value in preventing acute mountain sickness. The condition, caused by altitude, produces nausea and headaches in its mild form, but can be fatal when severe.

Mild symptoms start in susceptible individuals at about 10,444ft, although trekking parties have found that ascending far faster than the recommended rate may ward off the condition.

Acetazolamide has been experimented with before: an ascent in 1979 of Mount Chimborazo, 20,000ft, and Ecuador's highest mountain, has shown in a scientific study that the drug does appear to work.

Ten members took the drug, 10 others a placebo, and the results, published in The Lancet, show that by both subjective assessment and clinical tests those taking acetazolamide performed better in the oxygen-starved air and had fewer symptoms, although one climber on whom the drug appeared to have no effect had to descend.

Dr Jo Bradwell, chairman of the society, who took part in the expedition, said: "I would expect that mountaineers and people who trek to altitude would benefit from acetazolamide."

At the summit of Everest the drug would give the physiological effect of being 5,000ft lower. The effect was relative, so that someone trekking, say, to the Everest base camp, which is a popular holiday route, but more than 17,000ft up, would gain less benefit but still the equivalent of 3,000ft.

That, Dr Bradwell said, could be most important in reducing deaths and accidents at height. Even experienced mountaineers such as Sir Edmund Hillary and Chris Bonington were believed to have suffered from mountain sickness.

The condition took five to six hours to develop, and the fact that 90 per cent of accidents occurred during descent might be due not just to fatigue but to the early symptoms of mountain sickness. Even in the Alps mountaineers regularly spent time above 12,000ft, and about 250,000 people a year trekked at altitude in the Andes and Himalayas, he said.

Although the manufacturers list a number of side-effects, including dizziness and irritability, Dr Bradwell said that the doses given in the study caused no difficulties other than a sensation of pins and needles, which usually wears off.

The Ministry of Defence had taken some interest in the drug, as had the United States Army, but little had been published.

## In brief

### Two for trial on jail plot charge

Stanley Thompson, aged 35, who is accused of escaping from Brixton prison and helping two others to escape, including Gerard Tuttle, the alleged IRA man, on remand, was committed at Camberwell Magistrates' Court, London, yesterday on bail for trial.

Mr Thompson, of Ongar Way, Rainham, Essex, was charged with conspiring with Mr Tuttle and James Moody to escape from the prison last December. Also committed for trial, on bail, was Mr Moody's brother, Richard Moody, aged 41, of Rosendale Gardens, West Dulwich, London, charged with conspiring with his brother to effect the trio's escape.

### Island Tories' choice

Mr David Wiltshire, aged 37, a political researcher and administrator, has been chosen from 128 applicants to be the Conservative parliamentary candidate on the Isle of Wight. He is married, with two children, and is from Midsomer Norton, near Bath.

General election: S. S. Ross (Lib), 22,889; D. Fisher (Con), 35,353; C. Wilson (Lab), 3,611.

### Lost for a century

An inscribed silver trowel which disappeared from a Roman Catholic church in Nottingham in 1880 was bought in a shop in Japan by an American tourist, who has returned it to the Bishop of Nottingham, the Right Rev James McGuinness.

### Dearer drinks

Scottish and Newcastle Breweries increased the price of beers in its 550 managed public houses by 1p yesterday. A nip of spirits is 1p dearer in the North-east and 2p dearer elsewhere.

### Qantas flights stop

Qantas flights in and out of Heathrow airport yesterday and today were cancelled because of a strike by the airline's staff in Australia.

### ITV chief says viewing is beating Saturday night out

By Kenneth Gosling

The British addition to a good Saturday night out is rapidly giving way to a quiet evening in front of the television set, according to viewing figures disclosed at a London press conference held yesterday to publicize the spring schedules on commercial television.

Mr Michael Grade, director of programmes, London Weekend Television (LWT) said that 70 to 75 per cent of people with television sets were viewing on Saturday nights. He and his fellow programme controllers claimed most of that audience, not only on Saturdays but at other times as well.

Allegations by advertisers that the BBC had pulled ahead were firmly rejected. Mr Paul Fox of Yorkshire Television said that many independent television shows were featuring in the top 20 on Saturday nights; the balance had shifted to independent television and would stay there.

### Jump in number of student maths teachers

Figures for the sciences are too low for proportionate increases to be significant; there are 15 applicants for chemistry, the same as last year, and 27 for physics, compared with 15 last year.

Applications for BEd courses in French are down by nearly a fifth, while applications for craft, design and technology, another area in which there are serious shortages of qualified teachers in schools, are about the same as last year.

Lady Young also said that a record number of people had come forward for training and retraining this year as teachers of "shortage" subjects under

## ITV chief says viewing is beating Saturday night out

Mr Grade went further. He said that as far as the winter schedules were concerned independent television had won every Saturday night; BBC had slumped, ousted by The Professionals.

"The audience is coming back in very big numbers on Saturdays, and with people watching as much television as on all three channels as they ever did, this is very encouraging to us," Mr Grade said.

An unusually large number of new programmes will be shown by independent companies in the autumn, including six comedy series and a good deal of original drama. A Ken Loach film for ATV, *Looks and Smiles*, deals with youth unemployment.

Documentary and current affairs programmes include an LWT film based on a year spent with Princess Anne, Captain Mark Phillips and their son, Peter.



Drug's set  
is to top  
6,500ft of  
interest

## WEST EUROPE

### Thousands join huge protest at death of Basque suspect

From Richard Wigg

Madrid, Feb 16

Tens of thousands of people joined a demonstration tonight in the three main cities of the Basque region in protest at the death in police custody of Señor José Ignacio Arregui, aged 30, who was suspected of being a member of ETA, the Basque separatist organization.

The demonstrations came after a day in which there was an almost complete general strike throughout the region.

Large and small industries closed after protest assemblies among the staff in the three main cities: the local authorities, transport, the post office and the municipal police all stopped working, as did schools, universities, shops and banks.

The regular Monday meeting of the Basque regional cabinet was also suspended.

In San Sebastián bank clerks marched through the main streets while hospitals staged symbolic strikes or attended only to emergency cases for the day.

In Vitoria, seat of the new autonomous government, a crowd of about 2,000 marched on the office of the civil governor shouting slogans against the Spanish police.

The strike, called by all the Basque political parties, except the Centre Democratic Union, and all the trade unions, coincided with the funeral of Señor Arregui in his native town where the coffin had been displayed on a catafalque in the main square.

An estimated 10,000 people followed the funeral service at which 11 priests officiated.

This evening's demonstrations used the same slogan—"peace and an end to violence for the Basque country"—as that adopted for the huge anti-ETA demonstration a week ago after the killing of a Basque nuclear engineer, when a Lemoiz power station, by ETA Militair, the organization to which Señor Arregui belonged. But the Basques were also protesting today for all Span-

iards who have been shocked by the "evident" survival of police methods in the Franco era in spite of Article 15 of the constitution of 1978, which states: "Every citizen has a right to life... and shall under no circumstances be submitted to torture or inhuman or degrading treatment."

The Spanish press has begun to speculate that Señor Leopoldo Calvo Sotelo, if confirmed later this week by parliament as Prime Minister, will seize on the opportunity provided by forming a new administration to drop Señor Juan José Rosón, the Interior Minister, in accordance with the traditions of ministerial responsibility in Western democracies.

"Azules" faction of the Centre Democratic Union, so called because he was among those elements who joined the party formed for the 1977 general elections straight from the Franco regime's bureaucracy and who formerly wore the blue shirts of the Falanga.

Later today an investigating magistrate is due to begin hearing the five Madrid police inspectors, now detained, who conducted the investigations. A final post mortem report says that Señor Arregui's death was caused by respiratory troubles resulting from bronchial pneumonia due, in turn, to "physical violence".

The Cortes, Spain's parliament, reassembles tomorrow after the Christmas recess and one day before Señor Calvo Sotelo presents his government programme. Opposition parties have indicated they intend to press the outgoing government on the scandal.

A total of 114 of the 147 convicted or suspected ETA terrorists detained in Madrid's Carabanchel prison have started a hunger strike in protest at Señor Arregui's death.

According to the police, Señor Arregui was responsible for the killing of two civil guards, arrested in Madrid on February 16, allegedly preparing the kidnapping of a prominent public figure.



The shattered interior of an office in the South Yemeni Embassy in Paris after yesterday's attack.

### Rockets fired at Paris embassy of S Yemen

From Charles Hargrove

Paris, Feb 16

The South Yemen Embassy, near the Arc de Triomphe, was damaged in a rocket attack early today. No one was injured but a fire was started which partly destroyed the first floor offices of the embassy.

An anonymous caller later claimed that the attack was in retaliation for "all the victims of the Rue Copernic". Last October, an explosive device went off outside the synagogue in the Rue Copernic nearby, while prayers were in progress. Four people were killed and 20 others injured.

The attack appeared to be the work of professionals. The two rockets which caused the damage were fired with a timing device from a courtyard in Avenue d'Iena, which overlooks the back of the South Yemen building.

The launchers were placed on a wall, about 9 ft high, and trained on the first floor windows of the embassy about 30 yards away. They smashed through the bars and shutters of one window and exploded in one of the offices, starting a fire.

About half an hour after the explosion, a recorded message was received on the telephone by Agence France Presse agency. It said: "We claim responsibility for the action carried out this morning against the South Yemen Embassy. We signed it next to the launching spot of the rockets. Remember Copernic."

Police investigators found the two burned-out rocket launchers, and on top of the wall

where they had been sited the zinc sheeting had partly melted away, but scrawled in black paint, the words "remember Copernic" were still visible.

The embassy remained closed today. But it issued a statement this afternoon which said that there was no doubt whatever as to those responsible for the attack. "They are the forces hostile to the Popular Democratic Republic of Yemen, who hope to deflect the Yemeni people from their struggle to achieve a better future."

"This terrorist act is the most criminal because the embassy staff live in the building with their families and peaceful civilians were singled out as targets."

"This attack, which could have led to loss of life, is in flagrant contradiction with diplomatic rules and norms. We therefore expect the French authorities that they start immediate investigations which must lead to the arrest of the executioners who planned this aggression," the embassy statement said.

Mr Ibrahim Souss, the representative of the Palestine Liberation Organization in France, declared that the attack against the South Yemen Embassy coincided with repeated acts of provocation against the offices and representatives of the PLO in Paris in the last few days.

Police investigation into the bomb attack against the synagogue in the Rue Copernic is still marking time after four months. No trace has yet been found of a mysterious "man with a motorbike"

### US move on disarmament breaks deadlock at Madrid conference

From Harry Debelius

Madrid, Feb 16

The United States broke what had appeared to be a deadlock at the European security review conference here today by taking a long-awaited stand on security and disarmament issues and backing a French proposal.

"President Reagan has resolved to commit the full support of the United States Government to the French proposal," Mr Max Kampelman, the head of the United States delegation, told delegates during a plenary session of the 35-nation conference this morning.

His remark cleared the way for the possibility of an eventual disarmament conference, something which the Soviet Union has insisted on since the Helsinki review talks began here last November.

Until today, America had withheld support from all of the various proposals on matters of security. Since the final conclusions of the Madrid conference must be approved by all participating countries, the non-committal attitude of the Americans threatened for some months to block progress in the security area.

The French proposal, backed by members of the European Community, was tabled last December. It incorporates an

important feature which the United States has insisted on repeatedly: confidence-building measures, consisting of the obligatory and verifiable reporting of all significant military activities through Europe. The United States delegation put off any decision on the French proposal until after President Reagan's inauguration.

According to diplomatic sources at the closed-door plenary session Mr Kampelman said: "Unless this meeting mandates a negotiation with specific and firm criteria those who dispute effective confidence-building measures will keep us talking about words, about vague declarations and about pious but meaningless pronouncements for generations to come, and all without coming to grips with the basic requirements for real security."

We will absolutely not lend our support in this meeting to cosmetic and meaningless negotiation."

Mr Kampelman also emphasized another point at the session. The United States expects, he said, "a balance of progress on security, on human rights and on economic co-operation." The progress we contemplate in the security area must be matched by significant steps forward in the other areas of the review conference.

The French proposal on security calls for confidence-building measures effective from the Atlantic to the Urals. This is much deeper inside the Soviet Union than the present limit of 250 kilometres (155 miles) east of the Soviet Union's European border.

The chief American delegate rebutted East European objections, that the Soviet Union would be obliged under the French proposal to reveal troop movements in its own territory whereas the United States would not.

He argued that more Soviet troops would actually be exempted from coverage than American troops since there are about twice as many Soviet troops east of the Urals as there are American troops in the United States.

The French proposal is more specific than a Polish plan which is the principal one presented by the Soviet bloc.

Asked whether the United States could support a "marriage" of the French and Polish proposals, Mr Kampelman said at a news conference after his speech that "the essential preconditions" regarding obligatory confidence-building measures must be included as part of the dowry "if there are any suitors proposing marriage."

### Greek bases talks run into snags

From Mario Modiano

Athens, Feb 16

The negotiations between the United States and Greece on the future status of the American military installations here, have run into some difficulty. Both sides have rejected suggestions today that the talks, which began three weeks ago, had reached an impasse.

The Greek Government is trying to trade off the bases against some credible United States reassurances about Greece's safety in the Aegean, including a pledge that the practice of granting military aid to Greece and Turkey so as not to upset the balance of power between them will be continued.

Exchanges about this request as well as about the assurances sought for Greek territorial integrity in the Aegean are taking place at higher level but Washington appears reluctant to assume any commitments that could embarrass its relations with Turkey.

The base negotiations proper which are being conducted by diplomatic-military teams in Athens, were suspended for a few days for technical reasons, but will be resumed next week with the intention of winding up the first exchanges.

One of the most difficult points in the negotiations is the extent of the command and control that the Greek base commander would be able to exercise within the bases to ensure against their unauthorized use for non-Nato purposes.

### Hospital escape by terrorist

Parma, Feb 16—A convicted

member of an Italian terrorist gang escaped from a hospital today.

Cesare Maino, aged 40, was recently transferred from Parma prison to the hospital where he was having tests for a liver complaint. Police had no immediate details of how he escaped. He had been serving a 15-year sentence.—Reuter.

### Herr Honecker favourable to reunification of Germany

From Gretel Spitzer

Berlin, Feb 16

For the first time in years the possibility of German reunification has been officially mentioned in East Germany.

Speaking to party functionaries in East Berlin yesterday Herr Erich Honecker, the East German leader, not only used the word—it was crossed off his party statute years ago—but also approved of unification should West Germany turn socialist.

The day would come when socialism would be knocking at the doors of West Germans now pretending that unification mattered more to them than their purses, he said. Once the working people embraced socialism to remould West Germany, the question of unification of both German states would stand in a new light.

"There should be no doubt what our decision would be," he said to prolonged applause. In a realistic assessment of the scope of action of both German states as members of different blocs, Herr Honecker emphasized the significance of relations between the two states for world peace, a relationship that carries "a little weight."

He said East Germany would continue in accordance with the coordinated East block foreign policy, to try to shape its relations with East Germany to safeguard peace.

East German sources implied that the country would like to explore the possibility of a joint German initiative on disarmament. It is understood that this was a main topic on the East German agenda for Herr Honecker's meeting with Herr Helmut Schmidt, the West German Chancellor, that was cancelled by Herr Schmidt at short notice.

Cool reception: West Germany responded coolly to Herr Honecker's statement on unification (Reuter reports from Berlin).

SPD leader quits: Herr Dietrich Stobbe, the Chief Burgo-master of West Berlin until he resigned last month when defeated by the House of Representatives, today announced his resignation as chairman of the West Berlin Social Democratic Party (SPD) (Gretel Spitzer writes).

Herr Peter Glotz, successor to Herr Egon Bahr as manager of the SPD in Bonn, agreed to take over the chairmanship of the Berlin SPD.

### Elections keep M Marchais at home

From Our Own Correspondent

Paris, Feb 16

M Georges Marchais, Secretary General of the French Communist Party is not going to the Soviet party congress in Moscow at the end of this month. He is the third West European communist leader who is unable to make the trip.

But the reasons for M Marchais not attending are quite different from those of his Spanish and Italian counterparts. Señor Santiago Carrillo and Signor Enrico Berlinguer.

They have to do with the French elections and imply no disapproval of Soviet policy in Europe or the armed intervention in Afghanistan.

In contrast, the Spanish and Italian communist parties have given warning that Soviet intervention in Poland would lead to a break in their relations with Moscow.

M Marchais, who has reverted to a strictly orthodox line at the very moment when the Warsaw Pact countries might decide to intervene militarily in Poland.

The leftist newspaper Liberation describes the French communist leader's decision to stay away from the congress as "opportunism."

It would look a little too much as though he were going to Moscow to receive his marching orders, to do everything in his power to facilitate the reelection of President Giscard d'Estaing, without appearing to do so, or, rather, to ensure that M Mitterrand, the Socialist Party candidate, does not benefit from communist votes in the second ballot.

point of view, Le Figaro points out today for M Marchais to be photographed at Red Square at the very moment when the Warsaw Pact countries might decide to intervene militarily in Poland.

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It would look a little too much as though he were going to Moscow to receive his marching orders, to do everything in his power to facilitate the reelection of President Giscard d'Estaing, without appearing to do so, or, rather, to ensure that M Mitterrand, the Socialist Party candidate, does not benefit from communist votes in the second ballot.

those forces which have unleashed a true and proper offensive against socialism in Poland.

The letter arrived in December and was brought personally to Signor Berlinguer by an official of the Soviet Embassy. Its existence has only now been made public and it is still far from certain whether its contents were revealed to Panorama by the party here or by the Russians.

There is a plausible explanation for either theory. The communists here might wish to have their hands clean in the event of a Russian invasion of Poland. They might also feel that publication of the highly critical letter shows them to be free of Russian influence.

The Russians might have published it in order to demonstrate to the uneasy rank and file of the Italian party how dangerously far Signor Berlinguer is carrying them from the gospel according to Moscow.

Given that he is known to have troubles with his more traditionalist followers, especially now that the election of an openly anti-communist President of the United States makes flexibility suspect, the view of a political lead to the trade union movement, he was unusually harsh. He called for a "profound transformation which includes the economy, society, the parties and also ideas, because one thing is certain: it is not possible to emerge from the present situation with simple adjustments and marginal corrections."

### Holland joins the world's wine producers

From Robert Schull

Amsterdam, Feb 16

Wine from grapes grown and ripened on vines seared a few decades ago today put Holland on the viticultural map of the world.

The first bottle of white Flevovander was handed with some ceremony tonight by the mayor of Dronning in the Flevopolder which claims to possess not only the most northerly vineyard in the world but also the lowest lying one.

The 1980 vintage was only 20 litres but this is expected to increase to between 5,000 and 6,000 litres in few years' time. About 1,800 Weissburgunder vines were planted in the Dronning vineyard three years ago.

### Mystery of Russian letter 'leak'

From Peter Nichols

Rome, Feb 16

Who is influencing whom is a fair question after accusations here tonight that Signor Enrico Berlinguer, the Communist Party leader, sought in a speech yesterday at Turin to impose the party's views on the unions.

In the same speech, he rejected France in Polish affairs in response to Russian accusations that he, not they, was the misleading influence on the Poles.

The speech may well turn out to be as important as it is obscure. It comes after a deep political mystery broke over the publication of a highly confidential letter to him from the Russians on the Polish issue.

The text will appear in the next number of the periodical Panorama. It contains harsh criticism of the Italian party's anti-Soviet treatment of the Polish crisis. The Italians are accused—obviously in what was supposed to have been a secret reprimand—of "supporting

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## OVERSEAS

## US space shuttle is worrying Moscow

Moscow, Feb 16.—Pravda today accused the United States of planning to use its new space shuttle to extend the arms race to space.

One of the shuttle's main tasks, the party newspaper claimed, would be to test lasers capable of destroying rockets in mid-flight. The shuttle would have other military functions, such as inspecting objects in space and retrieving them for dismantling or destruction.

Moscow would clearly be concerned about the possibility of its own space satellites being picked up and brought back.

Unlike previous spacecraft, the shuttle is designed to return to earth intact and to be used again for other missions.

The Pravda accusations came on the eve of important shuttle engine tests at the Kennedy Space Centre at Cape Canaveral, Florida. Washington has insisted it will use space only for peaceful purposes.—Reuter.

## British High Commissioner went beyond 'normal functions' over constitutional issue, Canada says

From John Best  
Ottawa, Feb 16

Sir John Ford, British High Commissioner to Canada, went beyond his "normal functions" in conversations about patriation of the Canadian constitution, and strayed into the realm of politics, the Canadian Government found today.

Mr. Mark MacGuigan, Canada's External Affairs Minister, said however, he had been informed that the British Government has "no intention" of interfering in Canadian affairs, and that he considered the matter of Sir John's conduct closed.

Mr. MacGuigan was reporting on an "investigation" launched earlier this month after Mr. Edward Broadbent, the leader of Canada's New Democratic Party (NDP), accused Sir John of "intolerable interference" in Canadian affairs.

The charge resulted from a conversation the High Commissioner had with an NDP Member

of Parliament at a skating party. Sir John outlined the difficulties which Mr. Pierre Trudeau's present move to bring home the constitution from Britain is likely to face in the British Parliament.

In making the change, in the House of Commons, Mr. Broadbent said there had also been other instances where Sir John had overstepped the bounds of proper diplomatic conduct.

Answering a Commons question about the investigation today, Mr. MacGuigan said the Canadian Government had no objection to anything the High Commissioner may have done to represent his Government's position "in relation to its interests".

Nor did it object to his trying to "communicate an understanding of the situation in the British Parliament. This is an entirely appropriate type of diplomatic activity," Part of what Sir John had done fell into this category.

The Minister said he had been assured that Sir John had "not" the views expressed in the House by Mr. Broadbent and himself. Mr. MacGuigan did not single out any instances today where Sir John allegedly exceeded his normal functions.

The British High Commissioner here said the Foreign Office today expressed renewed confidence in Sir John. The High Commissioner was expected back in Ottawa later today.

He is to address the Canada Club on March 25 on the constitution, and probably will seek a meeting with Lord Carrington, the Foreign Secretary, Canadian officials in London said. Debate on a Bill to amend the Canadian constitution begins in Parliament at Ottawa tomorrow.

## Philippines prepares to welcome the Pope

From Peter Hazelhurst  
Manila, Feb 16

The Pope will witness some sharp contrasts between the rich and poor in Asia and in the influence of the Christian faith in the region when he arrives in Manila tomorrow to begin a nine-day visit to the Philippines and Japan.

Reflecting how the Roman Catholic Church has emerged as a dominant force in the Philippines during the past four centuries, millions of staunch Christians, many of the poorest people on earth, are expected to line the streets of Manila and other cities during the next four days to pay homage to the Pope.

Making his first visit to Asia as leader of the Catholic Church, the Pope will celebrate Mass at Manila Cathedral tomorrow and beatify Lorenzo Ruiz, a seventeenth-century Christian martyr on Wednesday.

He will then witness the real problems of the church in Asia, the reason why a Third World church, dominated by Roman Catholicism, has virtually defied Rome and is attempting to promote all forms of birth control.

On Wednesday the Pope will be escorted to the district of Tondo in Manila, one of the country's worst slums, where he will meet "the poorest of the poor", staunch supporters of the Catholic Church who eke out a living supporting large families on minimal wages.

"We are not informing the families selected to meet the Pope in Tondo. If we did they would attempt to use their special status to dress up for the visit. We want the Pope to see them at first hand", Father Melchor Dando, the local parish priest said.

However, Father Melchor pointed out that all of the families under review are staunch Catholics and have six or more children.

Mr. Michael Fernandez, a social worker said: "That should show the Pope why we must reduce our birth rate from the existing level of 2.3 per cent."



Bullock carts laden with baskets trundling under a welcome banner in Manila.

The Pope will call on the country's authoritarian leader, President Marcos, and his wife at Malacanang Palace tomorrow, but Cardinal Jaime Sin, the Archbishop of Manila, and the church, a leading champion on human rights, have been at pains not to associate the Government too closely with the Pope's visit.

This is a pastoral visit. More than 85 per cent of 49 million Filipinos are Catholic and so we want to make certain that President Marcos is unable to use the visit to enhance his political ambitions, a prominent leader of the church, the country's main opposition force, told The Times.

The Pope will also fly to the southern islands of the archipelago to get a close view of an uprising of minority Muslim militants who are fighting for a separate Islamic state, a battle that has gone on for 30 years.

In sharp contrast to the poverty, political unrest and the deep seated roots of the Catholic Church in the Philippines, the Pope will fly to Japan next week to see the newly found affluence and stability of a society motivated by Confucian ethics.

When he arrives in Tokyo the Pope will find the church as a small and unimportant religious minority within the social framework of the world's second largest industrial power. "The Catholic Church is tolerated and even admired in Japan; but we must accept the fact that we have failed to attract more than a tiny minority to our faith since Christianity was first introduced to Japan", Father Jaime Lopez, a visiting Jesuit, admits.

Statistics released recently by the Japanese Government reveal that about 1 per cent of Japan's 116 million people are Christians and only 400,000 of these have been attracted to the Roman Catholic faith.

The advance of the Catholic Church was retarded in Japan in 1620 when the Tokugawa Shogunate isolated Japan from the rest of the world and banned Christianity as a foreign religion.

Christians who refused to convert to Buddhism renounced their religion in public but remained "hidden Christians" until the Tokugawa dynasty was toppled in 1856 and Japan reopened its contacts with the West.

Father José de Vera, the dean of Tokyo's Roman Catholic Sophia university, recently told journalists that he hopes the Pope's visit will provide the Vatican with more understanding of the Roman Catholic problems in Japan and, at the same time, enhance the church's influence.

But despite the church's standing in Japan, there can be little doubt millions of curious Japanese will follow the Pope's visit with keen interest.

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For further information, please write in confidence to: Air Vice-Marshal P. Furniss, DFC, TD, RAF Director of Legal Services (RAF) 9 LB/1, Turnstile House, 94-99 High Holborn, London WC1V 6LL.

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## Zimbabwe House opens its doors

By David Spangler  
Diplomatic Correspondent

It was a great occasion, a sentimental occasion, a day to tug the memories of guerrilla fighters and Cabinet ministers alike, the reopening of Zimbabwe House in the Strand yesterday.

When Dr. Witness Mangwende, Zimbabwe's Foreign Minister, declared the new High Commission open for business in the building, now newly painted after standing empty for 15 years since Rhodesia's rebellion, it marked an extraordinary turning of the diplomatic wheel of fortune.

Lord Soames, the governor who had handed the colony over to independence, was in his most ebullient form, greeting like long lost brothers the new visitors. A year ago he had been battling with over the ceasefire.

Sir Alec Douglas-Home, former Foreign Secretary, was there, as was Dr. David Owen, both politicians whom the Africans had many times derided and denounced.

It was also an occasion when the news was coming from Zimbabwe, in the serious clashes between rival forces in Bulawayo. Dr. Eddison Zvobgo, formerly Patriotic Front spokesman at the Lancaster House conference and now Minister of Local Government

and Housing, played down the reports of the fighting.

"The events in Bulawayo do not represent a setback in any shape or manner to the process of reconciliation", he declared firmly.

"You must understand that what has happened in Bulawayo was simply the fact of a few members of the armed forces, specifically ZIPRA, disobeying Government orders."

"It did not involve any civilians and the Government proceeded to deal with these acts of disobedience by disciplining the forces. The situation is absolutely under control. We have no anxiety."

Dr. Zvobgo insisted that the fighting bore no relation to the Government's policy of reconciliation. "We let bygones be bygones, because to reopen the past is simply to prejudice the chances of reconciliation. The process of integration is succeeding very well."

One sign of this, certainly, was the presence yesterday of a white Zimbabwean, Mr. Denis Norman, the Minister of Agriculture, who gave a glowing report on the new nation's progress.

"Agriculture is the big safety valve", he said. "It is the most important industry in the country and it meets three essential needs. It is the biggest employer of labour at 34 per cent. It is also the largest single

earner of foreign exchange, and it has managed to provide the country with its entire food requirements."

The only critical note, by contrast, yesterday was sounded by Mr. Enos Nkala, the Minister of Finance. He feels aggrieved, and has not stunted to express his views, about the British aid contribution to Zimbabwe.

Although the Government has pledged £75m in aid, and written off £22m in debt, Mr. Nkala objects to the British attitude, given its long colonial legacy in Rhodesia.

Lord Soames, with a friendly hug around the minister's shoulders, did his best to persuade him that Britain is doing a great deal, but Mr. Nkala was not convinced. Next month an important aid conference, attended by Britain and other donor countries, will meet in Salisbury, to help Zimbabwe's development more substantially.

Dr. Mangwende called on Lord Carrington, the Foreign Secretary, yesterday, where the main subject discussed was the future of Namibia.

Dr. Mangwende's main complaint, made clear to the press yesterday, was that British papers gave a distorted picture of life in Zimbabwe: "The situation is not as bad as it is painted", he said. "We have achieved what many Governments failed to achieve in 20 years—peace."

## Vote-catching budget in South Africa

From Our Correspondent  
Johannesburg, Feb 16

South Africa was treated to a vote-catching mini-budget today when Mr. P. W. Botha, the Finance Minister, announcing a broad package of pay rises for public servants and pensioners and hinting at more tax cuts.

Voters go to the polls on April 29 and it was widely expected that Mr. Botha, introducing a Rands 8,900 million (about £5,028m) part-appropriation Bill would take steps to cure disenchantment of public servants.

Teachers, who have been leaving the profession in thousands for better paid jobs in the private sector, were singled out for a 20 per cent rise. There were also increases for farm officers, the police, nurses and soldiers.

## Four sentenced to death for Mozambique terror

From Ray Kennedy  
Johannesburg, Feb 16

Four men have been sentenced to death and 27 to long Prison terms in Mozambique for crimes committed in the name of the Malawi-based Free African Movement.

The official Mozambique news agency, APM, reported from Maputo today that the movement was closely related to the Mozambique National Resistance (RNM) movement which President Samora Machel of Mozambique has claimed is backed by South Africa.

The four men sentenced to death were said to have spread terror in northern Mozambique and to have murdered peasants who had joined cooperatives and communal villages. The 27 jailed for between eight and 14 years were convicted of armed robbery, receiving military

training and recruiting rebels. There has so far been no official South African response to President Machel's denunciation of the attack by South African troops three weeks ago on a headquarters base of the outlawed South African National Congress (ANC) near Maputo.

President Machel paraded eight army officers, barefoot and manacled before a crowd of 50,000 people, and said they would be charged with treason and corruption. He said they had ordered their troops not to engage in combat with the South Africans.

But he made no specific threats against South Africa and there was no hint in his three-hour speech of any change in the economic relationships which are extremely valuable to both countries.

## Solidarity union hopeful on labour truce

From Dossa Trevisan  
Warsaw, Feb 16

The first serious indication that Poland's independent trade union leadership is ready to accept the appeal by General Jaruzelski, the Prime Minister, for a strike-free period of 90 days came today in an interview with Mr. Karol Modzelewski, the spokesman for Solidarity.

He left no doubt that the union welcomed the new Government and regarded its programme as creating a real chance for the dangerous trends in the country to be halted and for a new partnership that could usher in a new era in Poland.

The political climate has changed dramatically and the tense situation has calmed down. General Jaruzelski's 10-point Government programme has greatly contributed to this by his unequivocal pledge to

open a dialogue with the people. Solidarity, on its part, has taken several steps to stop the dangerous spread of local strikes. It has let it be known that some controversial issues will not now be negotiated under the threat of strikes but in a calm atmosphere, thus showing willingness to meet the Government's call for a truce.

General Jaruzelski's Government, the union spokesman said today, commanded respect in the country and had not meant to say that there would be no strikes, he said.

The important thing was to avoid confrontation and to continue the dialogue. However, Mr. Modzelewski emphasized that strikes in Poland were here to stay as a feature of the social and economic landscape. But he left no doubt that a new relationship of trust was

now beginning to emerge and that the union was ready to help the Government as an equal partner in public life.

From many parts of the country messages of support for General Jaruzelski's Government are coming in indicating how much the popular mood has changed. Although no predictions can be made as yet on how lasting this mood will be one thing is certain: General Jaruzelski's direct approach has swung public opinion to his side. And in this lies the chance of his Government.

Call for toughness: The Soviet Government newspaper Pravda tonight published an implicit call for tough Government action against extremists in Poland's Solidarity union who, it claimed, had embarked on a course of political subversion (Reuter reports from Moscow).



OVERSEAS

# Setback for Israelis as court rules on electricity takeover

From Christopher Walker  
Jerusalem, Feb 16

The Israeli Government today suffered a severe setback in its attempt to expropriate the Jerusalem District Electricity Company, the largest remaining Palestinian-owned business in either the occupied West Bank or the former Arab sector of Jerusalem.

In a controversial judgment, Israel's Supreme Court ruled that the Energy Ministry has no right to take over the Arab concession in the West Bank, although it was legally entitled to expropriate the Palestinian company's assets in annexed Jerusalem.

The three judges requested the ministry to consider, in the light of the judgment, whether it now wanted to cancel any part of the company's concession. They also issued a 15-day injunction preventing the Israelis from taking over the East Jerusalem assets, indicating that such a move would have to be preceded by another court hearing.

It is estimated that the company serves about 40,000 consumers in East Jerusalem, another 30,000 in the West Bank, including a number of Jewish settlers, and Israeli army posts. Its headquarters and generating plant are in East Jerusalem.

Reading the judgment, Justice Yitzhak Kahane rejected the Government's claim that the takeover had been mooted purely for "economic or technological" reasons. The judges decided that it had been intended for political purposes and, as such, was illegal under the international law which applied to the occupied West Bank but not to annexed East Jerusalem.

Both sides claimed the verdict as a victory and Mr Anwar Nusseibeh, a former Jordanian Defence Minister and company chairman, said: "I am confident that the entire company will remain intact and under Arab control."

Earlier, many of the 400 Palestinian employees had pledged to resist any Israeli takeover.

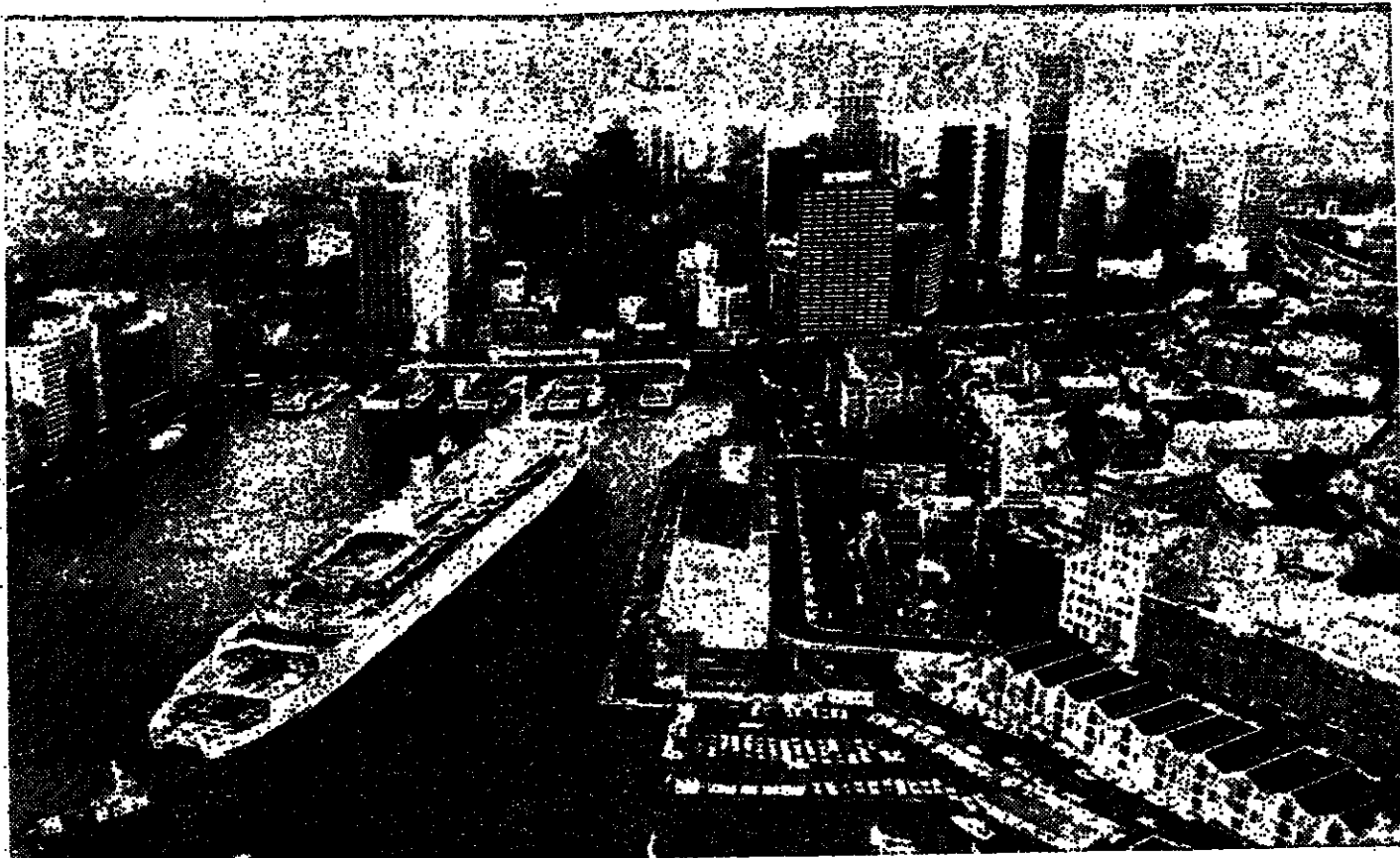
A spokesman for the Energy Ministry said that Mr Yitzhak Modai, the Minister, would be studying the verdict before announcing his intentions. "As a result of the Supreme Court decision there is now no legal obstacle to prevent us winding up the company's operations within Israeli sovereignty," the spokesman added.

It was unclear whether the ministry will press ahead with this partial expropriation despite the implied disapproval reflected in the court's verdict. The minister is believed to be under pressure from some hawkish Cabinet colleagues to split up the company, despite the complications such a move would pose.

Since the takeover scheme was first announced in January last year, the electricity company's future has become an emotive symbol of the efforts by the local Arab population to resist increasing Israeli influence in both the West Bank and East Jerusalem.

Historically, the contested electricity concession is regarded as extending for 20 miles from the dome of the Church of the Holy Sepulchre. In recent months, both the opposition Israeli Labour Party and leading members of the Jerusalem municipality have bitterly criticized the takeover plan, warning that it could become the focus for sabotage charges. Three Palestinians and two Egyptians have been charged with trying to sabotage the Israeli Embassy in Cairo (Reuters reports). The Egyptian state security services said yesterday that the efforts of the five were instigated by Al Fatah, the Palestinian guerrilla organization, and Syrian intelligence.

A spokesman said there was enough evidence to believe that an explosion last April at a synagogue in central Cairo was caused by people collaborating with the group.



The liner Queen Elizabeth 2 docks at Sydney yesterday during an 83-day round-the-world voyage

## Patriarch's election eases tension in church

From Moshe Brilliant  
Tel Aviv, Feb 16

Archbishop Theodoros of Ierapetra, aged 58, head of the Greek Orthodox community in Jordan, was elected Patriarch of the Holy Land today, defeating Archbishop Vasilios, the Metropolitan of Caesarea who had been favoured by Israeli officials.

The synod voted nine to five, the Church of the Holy Sepulchre in Jerusalem said and the decision was proclaimed by the pealing of the ancient bells.

Observers said the election of Archbishop Theodoros is expected to ease tensions in the Greek Orthodox community from the patriarchate in Israel-controlled Jerusalem and to join the

patriarchate in Damascus which is headed by an Arab.

Archbishop Theodoros was responsible for 15 years for the Greek Orthodox community in Jordan although he was subordinate to the patriarch in Jerusalem.

Slightly more than half of the 110,000 members of the community in the Holy Land are Jordanians. About 35,000 are Israeli Arabs and the rest residents of the occupied West Bank.

Israeli officials said the attitude of the community to the Jewish state was strongly influenced by the patriarch, Benedictos I who died on December 10 at the age of 88, had maintained a warm relationship with the Israeli authorities, it was said.

Under his tenure the church leased lands to the Israeli Government for development projects including a national park around the old city of Jerusalem.

Israeli officials acknowledged privately that they had been dismayed by the prospect of bringing in a patriarch who had been exposed to Arab political views for a decade and a half.

Some lobbied discreetly for Archbishop Vasilios. Mr Teddy Kollek, the Mayor of Jerusalem, said he had told clergy members who he asked his advice that he regarded Archbishop Vasilios as someone he could work with.

Israel and Jordan had power to veto any of the candidates but the Israelis decided not to

veto Archbishop Theodoros. An official explained that Jordanians would have reacted by vetoing Archbishop Vasilios and creating a deadlock with Archbishop Germanos, an outright anti-Israeli, continuing to function as acting patriarch.

Officials said today their concern about the new patriarch had now been largely dispelled. At a reception in the patriarchate after the election today Archbishop Theodoros, speaking in Greek, said he desired to promote good relations with the Israeli and Jordanian authorities.

The Greek Orthodox is the largest Christian denomination in the Holy Land and the patriarch is recognized by other churches as the doyen.

## The West Bank-1: Bitterness equalled only by some areas of Belfast

### Elections force renewed settlement drive

From Christopher Walker  
Tel Aviv, Feb 16

The stubborn intractability of the Middle East crisis will ensure that in the coming months the attention of President Reagan, the European Community and the disgruntled Israeli electorate will become increasingly directed towards a stretch of land only slightly larger than Norfolk.

Covering a total area of 200 square miles, the occupied West Bank has become the focal point for the continuing struggle between Arab and Jew. No stranger over the centuries to occupation by foreign armies, it is destined in part or totally to provide the occasion for any successful attempt to establish a Palestinian homeland.

At present, after more than 13 years of Israeli military rule, it provides a bizarre contrast in cultures and a reservoir of inter-communal bitterness equalled only by some of the more violent areas of West Belfast. Prosperity and economic dependence on Israel are trowed side by side with a searing hatred of the Israelis and a significant radicalization in Arab political attitudes.

Stretching for 80 miles from Hebron in the south, the West Bank ranges from the fertile valley near the Dead Sea to barren mountains which rise to 10,000ft. In width it stretches as far as 34 miles from the bank of the Jordan, forming at its broadest point a strategic corridor which comes within nine miles of Israel's Mediterranean coast.

It was here at a hillside war



memorial near the old border that former General Ariel Sharon, Israel's hardline Agriculture Minister recently took a party of British politicians to illustrate why his Government is determined that "Judea and Samaria" (the Israeli name for the West Bank) will never be handed back to the Arabs.

A huge bull of a man with an unshakable belief in the historical right of Jews to sovereignty over the whole area, Mr Sharon pointed through the morning haze to Israel's main power stations, all within easy range of the former Jordanian artillery positions where a stalemate has become the most complex and controversial problem facing Israel," he predicted.

Mr Sharon is the political mentor of the extreme Jewish settlement group, Gush Emunim (Block of the Faithful) and has probably done more than any other Israeli in the past 13 years to transform the demographic map of the West Bank.

Undaunted by American criticism or the resentment of

moderate Israelis, he has pressed ahead with the skeleton of a controversial settlement plan which envisages 300,000 Jews living in the West Bank by the turn of the century.

Today, the size of the Jewish civilian population is 18,000, compared with a total of 720,000 Arabs. But that well armed, highly motivated and predominantly right-wing Jewish presence has increased five-fold since the Likud coalition came to power in May, 1977.

With less than five months to go before the general election which is expected to sweep Labour back to power, Mr Sharon and other Cabinet hawks are now devoting Government cash and political muscle to bolster the settlements before they make their expected return to the Opposition benches.

Since 1967, the Israelis have purchased, expropriated or otherwise seized for civilian and military purposes more than 370,000 acres of West Bank land, nearly a third of the whole. Of this, some 28,000 acres is already devoted to settlements which vary in type from expanding development towns (complete with industrial areas) to small clusters of mobile homes surrounded by ugly barbed wire fences.

"For the Arabs, the settlement issue is more dangerous than the occupation," Mr Elias Freij, the elected Palestinian Mayor of Bethlehem said. "An occupation may end one day but the constant expansion of settlements threatens our very existence in the West Bank."

The Israeli Government always refers euphemistically to the West Bank as an "administered area" rather than "occupied territory".

For this reason, international criticism that Israeli policy is in breach of Article 49 of the Geneva Convention forbidding "individual or mass forcible transfers" into or out of occupied territory is neatly sidestepped.

Other standardized euphemisms now in official use include the "closing" rather than the "setting" of Arab land, the "thickening" of Jewish settlements and constant reference to the Arab inhabitants as "the minority" (an observation which only applies if the West Bank is taken with the whole of Israel).

Over the past 13 years, the West Bank has also seen a dramatic change in its political make-up. The traditional, conservative notables who predominated before the occupation have now almost disappeared, having been replaced by a different breed of local leaders who claim a fierce loyalty to the Palestine Liberation Organization.

Since last May, the military government has employed a draconian security policy. Israel's political crackdown has promoted a dispirited, almost despairing mood among West Bank Arabs. But it has singularly failed to produce one credible local Palestinian leader prepared to support the concept of limited autonomy outlined in the Camp David accords.

There will be four more articles in the series.

## Unions plan to resist the Reagan budget

From Frank Vogl  
United States Economics Correspondent  
Washington, Feb 16

Heavy cuts in the United States government credit programmes covering the next four fiscal years will be part of the new economic strategy to be announced by President Ronald Reagan on Wednesday.

Administration officials believe these cuts will ensure that more funds are available in the capital markets for private borrowers and that interest rate pressures in the markets will be eased.

They also believe that cutting Government lending will make it easier for the Federal Reserve Board to control the money supply and that it will also secure greater efficiency in federal agencies.

The scale of the proposed credit programme reductions has yet been disclosed although officials leave no doubt that it will be very large. The President will announce up to \$53,000m (£22.650m) of actual spending cuts for the next fiscal year on Wednesday, and full details of all the budget measures will be announced then and over the next few weeks.

The AFL-CIO trade union organization's executive committee is meeting in Florida this week to plan a strategy to attack the Republican Administration's economic programmes. On Thursday leading Democratic members of Congress are expected to open an attack on their own at a hearing of the joint economic committee.

In the forefront will be Henry Reuss, the committee's chairman, and one of its best known liberals, Senator Edward Kennedy.

The attacks by the Democrats, according to sources in Congress, will focus at first on the redistributive nature of the Reagan programme, claiming that benefits are being withdrawn from the poor while con-

siderable tax relief goes to better-off Americans.

The sources said it is unrealistic to expect more than half of the social welfare cuts to be approved by the Congress and these spending reductions will be matched by rises in defence spending advocated by Mr Reagan so that the whole budget exercise does not, in fact, lead to any fall in inflation.

To counter these expected attacks the White House is preparing a publicity campaign to parallel Wednesday's announcement of the new economic strategy.

The Administration's concern with credit programmes arises largely from the dramatic rise in federal debt. Latest budget office estimates suggest that the debt level will exceed \$990,000m by the end of this fiscal year, on September 30, after having increased by 42.2 per cent to \$931,000m during the four years of the Carter Administration.

The scale of likely credit programme cuts is indicated in Budget Office documents, prepared for Cabinet consideration, that discuss the programmes of the Rural Electrification Administration (REA), the Administration (FEA) and the Tennessee Valley Authority (TVA).

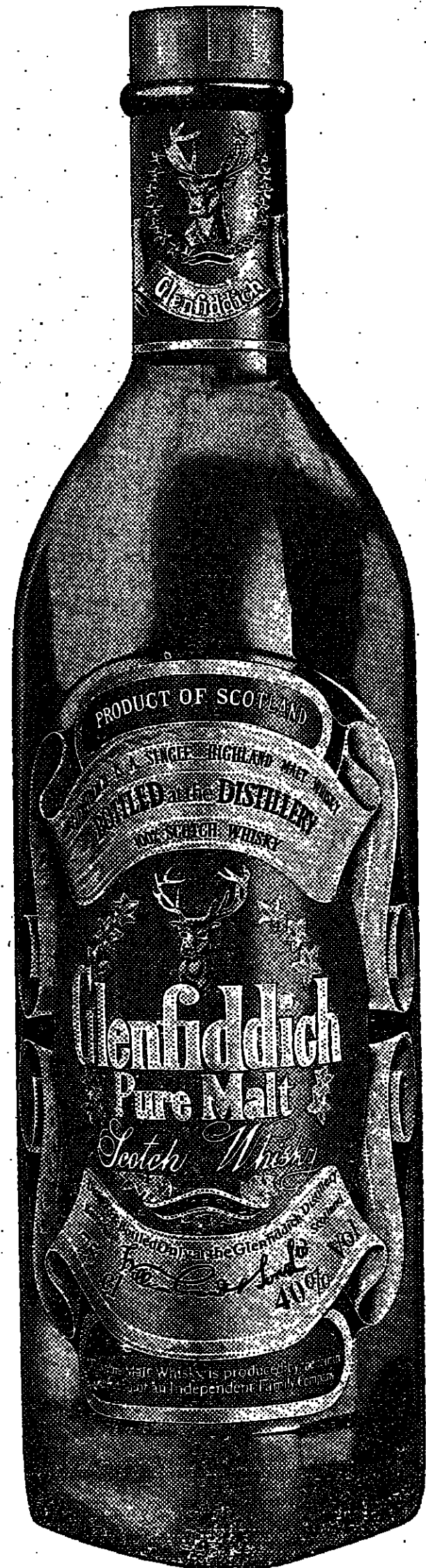
In its confidential paper the Budget Office proposed a new loan commitment by REA be cut from April 1 by more than \$5,000m a year. The reduction sought in the TVA's borrowing is \$4,000m - from \$9,000m to \$5,000m over the next four years.

The Budget Office said the FEA has grown to a sensitive area that it is now providing annual loans of around \$14,000m to housing and community development in rural areas that could be just as well financed without Government subsidies by direct borrowing in the markets.

Leading article, page 13

# Beware the Ides of March.

March 10th.  
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the news with  
a smile.



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## Czechoslovakia expels several French diplomats

Vienna, Feb 16.—Czechoslovakia has ordered several members of the military section at the French Embassy in Prague to leave the country after accusing them of espionage.

The Czechoslovak news agency reported today. It said that the French Government had also ordered two Czechoslovak military attaches from their Paris embassy to leave the country, in the face of protests from Prague. The French diplomats have been asked to leave Czechoslovakia "within a reasonable period of time, because of activities at variance with norms of international law".

Western diplomatic sources in Prague said those involved included two military attachés. They are believed to have already left the country. Cetecka said the diplomats had been caught in a prohibited area in central Bohemia last December and several days ago were picked up in another banned area in north Bohemia. The agency claimed that there was "documentary proof" that they had been engaged in intelligence gathering.

Last week the British Government protested to Czechoslovakia about its treatment of an air attaché at the British Embassy in Prague who was forcibly taken from his car outside the city by uniformed police and held for a number of hours despite his diplomatic immunity.—Reuters.

## Iranian intellectuals attack 'two years of tyranny'

Tehran, Feb 16.—A group of 38 prominent Iranian intellectuals, many of them opponents of the late Shah, said today that two years of Islamic rule had brought repression, torture and injustice to Iran.

The accusations were made in a letter signed by writers, academics, lawyers and journalists who accused the Islamic authorities of violating human rights, showing contempt for the Iranian masses, suppressing ethnic minorities and leading the country towards economic disaster.

Academics in Tehran said the letter, circulated in the streets, reflected widespread and growing disenchantment among professionals and intellectuals with the way Iran is going. The 21-point letter was issued a few days after the second anniversary of the Islamic revolution which overthrew the Shah.

Listing what it called acts of tyranny since the revolution, the letter said the authorities had been guilty of "filling the prisons with militants and libertarians and torturing them".

President Abolhasan Bani-Sadr in a public speech which led to Ayatollah Khomeini setting up an investigating committee to look into a sensitive issue in Iran because of allegations of systematic brutality by Savak, the Shah's secret police.

Ayatollah Muhammad Reza Khatami, head of the Supreme Court, was quoted as saying today he did not know whether the torture investigation committee had completed its work and that it had been instructed to present its final report to Ayatollah Khomeini.

The signatories of today's letter included at least seven people who had served prison sentences for opposition to the rule of the Shah.

The newspaper *Islam Revolutions* said today that several people were arrested after they waved pictures of President Bani-Sadr and shouted support for him during a speech by Hodjatolislam Rafsanjani, Speaker at the Iranian Parliament. The newspaper said four of those arrested were sentenced to whippings and several months in jail after being found guilty of disturbing public order at Teysekan 180 miles south-west of Tehran.—Reuters and Agence France-Press.







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Bernard Levin

# Charlie Chan's yellow peril

Early last year, I told here the story of the row that was growing around a film being made in the United States, in which I took a warm interest because the director, Clive Donner, is my cousin and also a friend from childhood to the present day and far beyond. The film, starring Peter Ustinov, has now been made, under the title *Charlie Chan and the Curse of the Dragon Woman*. It does indeed constitute, as the name implies, a revival of the famous pre-war fictional detective. If you are too young to remember Charlie Chan from the first time round, I must tell you that the hero (of a long series of films and, later, television dramas) was a Chinese, and therefore much given to beginning sentences "Confucius he say." Much more important, however, is the fact that the character was always portrayed as infinitely sagacious and invariably successful, and—mark these words, please, and mark them well—the reason he was so clever and always defeated the villains was precisely that he was Chinese, while whitey stumbled helplessly in the rear, Charlie Chan was demonstrating the superiority of Chinese brains and culture.

I have a feeling that, even if you did not read my earlier column on the subject, you know what is coming now. Before a foot of the film had been shot, the Rentonmobsters were out, ululating about "racist stereotypes" and "organizing the intimidation of anyone associated with the film: in San Francisco a city which used to be a very definition of tolerance, but has clearly been as corrupted and terrorized as New York itself by the groups which will allow no tolerance to anyone but themselves), shooting was hindered, the company making the film was threatened with reprisals, and pressure was brought against distributors and others whose cooperation was essential.

Clive kept his nerve; so did the film company, a firm called American Cinema; so did Peter Ustinov and the other players (they include Angie Dickinson, Lee Grant and Roddy McDowell, and also Rachel Roberts, who said, died shortly after it was finished). It opened in Los Angeles last week to a great deal more ululation from the bodies that had started the trouble earlier, together with some extra ones, no doubt invented specially for the occasion. There are "Chinese Affirmative Action" groups, for instance, and the "Association of Asian-American Artists"; they pretend to believe that a character whose chief function is to be wiser and more successful than anyone else is "a racist caricature of the 'yellow peril' type" and that the film is engaged on "robbing Asian-Americans of dignity, pride and human qualities".

Peter Ustinov has not only kept his nerve; he has carried the fight to the enemy, describing the pressure-groups (there is not the slightest reason to suppose that most Chinese-Americans want to be represented by these people, or feel any of the things so confidently asserted by the Rentonmobsters) as "predators making unsafe the waters in which we all want to bathe"—the waters being, of course, those of freedom. But Mr Ustinov has also said that he is appalled at the cowardice displayed by those who run American television, and there is much significance in the remark. For the censors and intimidators have been threatening to picket and otherwise harass any television station that accepts and shows advertisements for the film, and all but one, it seems, have capitulated to the blackmailers. Note that Mr Ustinov said he was "appalled" by their cowardice; he did not say he was "surprised", and he would have shown himself as quite

exceptionally naive if he had. For the creatures who run television in America have raised cowardice to the status of an art form, and can count themselves very Rembrandts, Shakespeares, and Beethovens of poltroonery. Indeed, with the single exception of the Federal Communications Commission itself, the statutory body (equivalent to the IBA and the Board of Governors of the BBC) make up to over the American television industry, it is probable that no more entirely funk-ridden, creepy-crawly, battle-scared, craven, faint-hearted, chicken-livered, spunkless, yellow-bellied, recreant gaggle of wee, sleekit, cowrin, timorous heasties than the men who run American television have ever been gathered together on the face of the earth, and the only comment it will occur to them to make on the foregoing catalogue of appropriate adjectives is that I should have said the word "women" who run American television, because they are also afraid that some militant feminist will complain that they acquiesce in my sexist language unless they make it clear that they do not.

One of the officials of the film company, Mr Richard Lederer, has now said something that is of particular interest to me; he claims that the suppressors—sad, banners, and censors—are practicing censorship and violating the company's right to free speech. So indeed they are, but the reason that I find it especially encouraging to know that the film company are thinking of suing is that in my earlier column on the subject I suggested that they should investigate the possibility of taking action against the mob-leaders under the Civil Rights legislation, which as I read it certainly gives them the opportunity to claim heavy damages on the ground that the censors are violating the company's right to the protection of the First Amendment, the one guaranteeing freedom of speech.

And yet the saddest aspect of this affair is what it implies for the present State of the Union. How can it be that in so short a time that great nation has surrendered so many parts of its liberty to so many groups of fanatics, mostly representing but threatening themselves? Newspapers and books—say, the very dictionaries—are searched and filtered and filtered, not by censors but by those who, though they should be resisting censorship, are willingly doing the censors' work for them. Films and television are likewise subject to abuse, harassment and blackmail for saving anything that could be construed, by the hypocritical, the malignant and the totalitarian, as any group of people who would be presented as in some way in need of protection: a new protection-racket, indeed.

In Universities there are now committees charged with scrutinizing research-projects lest these might lead to "racist caricatures" or "yellow peril type" and that there may be a correlation between race and intelligence. In some areas (such as anywhere within earshot of Mr John Dean) it is unsafe to pass, even privately, an unguarded word, lest among those who will nip off and sell it to the newspapers. Is it come to this? Has the most receptive, exploring, innovative, experimental, untrammeled, open-hearted nation in the world turned itself, at least begun to turn itself, into a land of men so terrorized by the new authoritarianism, who have by their hate-ridden intolerance befouled the very name of liberalism, that they will blow up a paper bag and burst it, they are instantly willing, without further orders, to ply the Sultan's knife on their own privates?

I hope not. I hope that that tide will turn and carry far out to sea with it the new and more terrible army of banners, and that American Cinema, Inc. will stand firm, and that Charlie Chan and the Curse of the Dragon Woman will be a huge success.

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# Miners v Tories: the supreme test that faces Mrs Thatcher



Mr Joe Gormley: who will be the next champion?

Perhaps the men of Coogan did not realize that when they voted to strike over the Coal Board's plan to shut their pits, but they have stirred uneasy memories of the early Seventies and forebodings about the future. Are the coalfields about to come to a halt? And if the miners strike, where will it end?

All the signs point towards a fairly rapid slide into an unofficial strike covering most of the major coalfields that could then be formalized in a secret pithead ballot once the miners have got the bit between their teeth. It could be a long struggle, with no certainty of success. But leaders of the National Union of Mineworkers sense there is no alternative.

It is not widely enough known that the NUM has negotiated—relatively peacefully—the closure of 40 pits since the strike of 1974 which was largely aimed for the fall of the last Conservative administration. Shutdowns have proceeded apace through the industry's colliery review procedure, which is designed to secure an orderly rundown of pits nearing the end of their natural life.

The NUM has always accepted that in an extractive industry such as coalmining there must be closures. By the very nature of things, pits run out of coal. Of late, however, there have been spasmodic but growing signs of a reversal in this form of industrial euthanasia. In the 18 months since the unhappy saga of Deep, Duffryn pit, which they said should stay open but eventually closed, the South Wales miners have opted out of the review process. Elsewhere, ballots were held to raise support for industrial action against the planned shutdown of individual pits such as Tereval in Nottinghamshire and Langwith in Derbyshire. All they demonstrated was that the men are unwilling to strike if their own interests are not directly affected. Then things began to change.

After conceding a number of closures in North Yorkshire, Mr Arthur Scargill, left-wing area president of the NUM, bit on the idea of a vote on the principle of industrial action against the shutdown programme that everybody in the industry knew was coming. The men returned an 86 per cent vote for action. That was on the eve of the Coal Board's presentation to the mining unions, and the boulder set rolling in Yorkshire is now picking up momentum in the most unlikely places. Pitmen's delegates in Durham are urging a strike against the shutdown of four pits in the coalfield, and there are militant noises in the Midlands. Even in Nottinghamshire, the heartland of pit moderation, the area president, Mr Ray Chadburn, is arguing that the impending closure of New Hucknall colliery could be the flashpoint of industrial action. And that is a pit that the area had already agreed to shut. A national miners' strike could be the supreme test of Mrs Thatcher's resolve. It will certainly be a major test of Mr James Prior's Labour leadership, aimed at curbing the power of pickets, and if it goes on for a long time it could cause serious economic difficulties, large coal stocks or no. It is not possible to dismiss the impact of a miners' strike without considering the political dimensions. Not possible, because the militants immediately raise the possibility, in the Marxist jargon, of "creating the whip all conventional Labour early general election leading to the return of a Labour government pledged to socialist policies". Both Mr Scargill and Mr McGahey, communist leader of the Scots pitmen, have voiced this prospect of a "turn of events" some of the NUM moderates as much as it does the Tories faithful. In fact, this Government is not about to repeat the mistakes of the Heath administration and much of the picketing is designed for internal consumption. There are elections pending at branch level and the whole union is gradually being cranked up into an electoral campaign. The success of Mr Joe Gormley, who is due to retire as national president. Accordingly, there is competition to see who can be the most vociferous champion of the miner's right to work. Sympathetic industrial action

is likewise limited to first customers and suppliers of the National Coal Board, and it must be shown that the principal purpose of such action is to interfere with the supply of goods, and that such action is "reasonably likely" to achieve that purpose.

The Government takes the view that miners who picket anywhere but their own colliery will be acting contrary to the law, and will as individuals become liable for damages in the High Court if the Coal Board or the Central Electricity Generating Board take out an action. That is, if the culprits can actually be identified and the ministry's spokesmen are understandably shy about predicting what would happen if the miners refused to pay such damages.

The legal situation of sympathetic power workers is much more complex, and would have to be tested in court. On the face of things, they could legitimately plead immunity for action involving the "blackening" of coal supplies.

But if picketing on this scale does ensue, will Mrs Thatcher be tempted once again as she was during the steel strike a year ago, to bring in a short, sharp Bill to curtail trade union powers still further? On that occasion the Prime Minister was dissuaded from precipitate legislation, if scenes reminiscent of 1972 appear on our television screens, will she be able to resist the temptation a second time?

These are considerations that arise beyond the immediate repercussions of a miners' strike. However, the Coal Board will surely keep public attention fixed on its basic economic premise: that 10 million tonnes of capacity should be closed so as to bring rising output into line with falling demand. The industry cannot continue to put eight million tonnes a year into stock. The

cost of such stocks is a huge burden, and the NCB is running out of space to dump the coal, particularly in South Wales.

For their part, the miners will argue that it is "the economics of the madhouse" to import eight million tonnes of coal a year, even if it is cheap, while closing down mines in Britain. They want a ban on imports and operating subsidies of the kind paid elsewhere in Europe.

However, the Government has deliberately boxed itself into the commercial constraints of the 1980 Coal Industry Act, which lays down that operating subsidies, far from being increased, should be phased out altogether over the next three years. The Cabinet will not entertain a ban on imports, and the only loophole left is the Act's provision for increased social payments such as redundancy money and generous schemes for early retirement.

This strategy has succeeded to a large degree in the steel industry, though at a cost of hundreds of millions of pounds in redundancy payments. It has succeeded elsewhere in industry, too, because the temptation of a large lump sum of money is an irresistible enticement to many workers. At present, the miners are saying that no amount of money will get them to sell jobs.

They applauded Mr Peter Heathfield, the Derbyshire area leader, at last week's London rally when he insisted that this generation of miners had no right to disinherit the next generation. The miners stand at the end of a long line of workers who have done just that. If the debilitating effect of the "pieces of silver" is to be resisted, they will have to draw deeply on their reserves of communal self-reliance and their traditions of sticking together.

Paul Routledge  
Labour Editor

# Is confidence enough to win the war in Namibia?

Grootfontein, Namibia. After the border is not hard to understand why South Africa turned its back on the proposed United Nations settlement plan for Namibia during last month's conference in Geneva.

A tour of South African military bases in the "border area" along Namibia's border with Angola and Zambia, which the South African defence forces organized for foreign correspondents last week, left two clear impressions. The first was that the South Africans believe they have got the South West Africa People's Organization (SWAPO) on the run. The prevailing view among senior officers is that, given time, they will be able to neutralize the military influence of SWAPO in Ovambo land, where the bulk of the fighting is taking place, in the same way as they have succeeded in driving SWAPO from the other tribal regions in the North.

The second was that South African military chiefs seem convinced that the proposal contained in the United Nations settlement plan to establish a demilitarized zone along the 700-mile northern border would be tantamount to handing the entire area over to SWAPO. As more than 60 per cent of Namibia's one million inhabitants live within the area of the proposed DMZ, the military believe that the bulk of them could be "intimidated" into supporting SWAPO in the event of a supervised election being held.

Certainly the South Africans seem confident enough as they chat over sundowners in the messes of the heavily defended camps which have been established throughout the length of the operational area. And the camps themselves have a look of permanency about them. They are bigger, better fortified and better equipped than they were when I previously visited the area. The number of military vehicles one sees has also substantially increased.

So too have the ranks of the eight ethnic battalions of what are known as the South West Africa Territory Force

(SWATF) which are fighting alongside South African detachments in some areas the "ethnic" battalions—comprising Ovambos, Kavangos, Caprivians and Bushmen—make up over half the total South African military presence. South African confidence is based on the sorts of statistics which all conventional forces involved in counter-insurgency operations like to produce to show they are winning the war. According to Major-General Charles Lloyd, who is joint Commander of the South African Defence Force and the South West Africa Territory Force in Namibia, the "kill ratio" is about 20 to one in the South Africans' favour.

He said that between January 1978 and the end of last year 3,343 members of the People's Liberation Army of Namibia (PLAN), which is the military wing of SWAPO, had been killed. About 1,400 of them died last year. This is an extremely heavy toll for an army whose total numbers are put at between 6,000 and 8,000. By contrast, only 100 SWAPO force losses last year amounted to 72 (including those killed in accidents).

Senior military officers maintain that the more aggressive tactics adopted by the defence force during the past few months—when cross-border raids into southern Angola have become a regular occurrence—has forced SWAPO to move its main operational bases deep into Angola. As a result their lines of communications are over-stretched and they have become easier for the South Africans to intercept groups of insurgents as they make their way through the bush towards the Angolan-Namibian border.

Very low now because many of their fighters are short of food and supplies. Colonel, Leont Marinos, who is in charge of the eastern-central sector of the South West Africa Territory Force, also has his own in-

ternal problems and are meeting increasing hostility from the local population in Angola.

There can be no denying that the South Africans have scored some impressive successes in the Caprivi Strip, Kavangoland (situated between Caprivi and Ovambo land) and the western coastal region of Kaokoland. For example, there has not been a serious incident since August, 1978, when the base at Katima Mulilo came under mortar and rocket fire from the Zambian side of the Zambezi River. Nor have there been any serious incidents in Kavangoland since mid-1979, when some SWAPO insurgents were killed while returning from raids on white farmers further south.

The South African success in Caprivi has been particularly impressive. Once the region used to be one of the main areas of SWAPO operations and was used as an infiltration route into Namibia from Zambia and

Angola. Recently, however, Caprivan members of SWAPO (former supporters of the Caprivi African National Union—CANU) have begun returning to the region and giving themselves up to the authorities.

At least 87 have come back since last November, following the ousting of Mr Mibak Muyongo (a Caprivan) as vice-president of SWAPO. One of the returnees, Mr Ben Maguku, formerly SWAPO's deputy chief representative in New York, said they had come back because they rejected the anti-Caprivan discrimination displayed by the Ovambo majority in SWAPO and because they wanted to reestablish CANU as a political party in Caprivi.

The South Africans have backed their military operations in these areas with a programme of "civic action", under which national servicemen are assigned to help in hospitals, schools and social projects. The purpose of "civic

action" is, in the words of commander Dirk Du Toit, to "win over the hearts and minds of the local inhabitants and to create a positive attitude towards the South African defence force".

Quoting from Mao Tse-tung (whose works are banned in South Africa), he added that "war begins in the minds of men, and it is in the minds of men that peace must be built". The "civic action" programme has achieved some success in Caprivi and Kavangoland, but has been an almost total failure in Ovambo land. SWAPO is a predominantly Ovambo organization and it is probable that a majority of Ovambos would support SWAPO in a free and fair election. When SWAPO's insurgents move into Ovambo land, they are effectively operating on "home ground". Few Ovambos are likely to be won over to supporting the South African presence in the territory even though over 200 Ovambo civilians were killed by SWAPO last year (over half of them in land mine incidents).

There has been some diminution of SWAPO activities in Ovambo land during the past few months as a result of almost constant cross-border raids by the South Africans. However they continue to plant landmines almost at will along the road which leads from the main South African base at Grootfontein to the Ovambo land border. They regularly succeed in blowing up the power line connecting the huge hydro-electric complex at Ruacana with the main industrial centres in the South. A rocket attack two weeks ago against a South African base at Oshana, while doing little damage, was clearly designed to show that SWAPO still has the capacity to strike at major defence installations.

General Lloyd, while accepting that a political rather than a military solution must even-

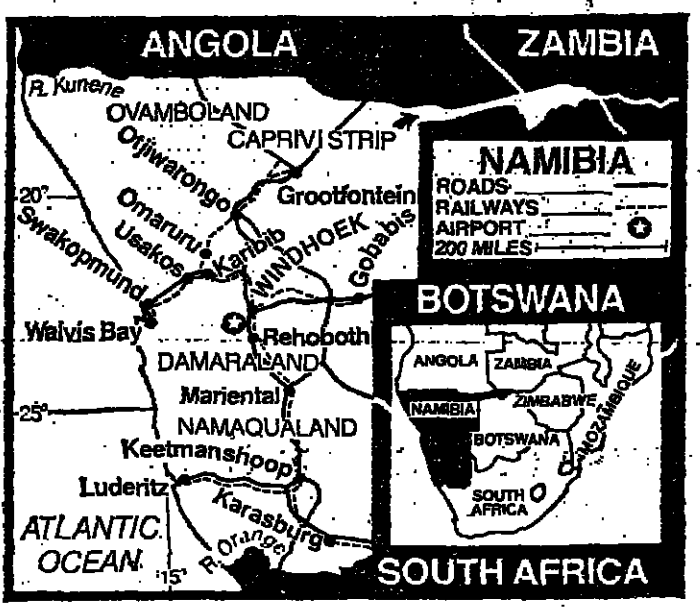
tually be found for Namibia, believes that his present military strategy could eventually achieve the same degree of stability in Ovambo land as exists in the adjoining regions. In fact, he believes that if his forces were given a free rein when attacking targets in southern Angola rather than avoiding contact with Angolan troops and civilians the war would already be won. What we are hearing to do first a war in peace-time conditions", he said.

The South African belief that they are beginning to get the upper hand over SWAPO explains why they are so opposed to the establishment of a demilitarized zone. Under the settlement plan the United Nations settlement plan all South African troops would be withdrawn from the zone before elections are held. They would be replaced by a 7,500-strong United Nations force whose job would be to maintain a ceasefire in the operational area, and ensure that the demilitarized zone was not violated by either side.

However, the South African military are convinced this would be an impossible task for such a tiny force operating in such a huge area. "It would mean that the whole area would become open to SWAPO intimidation," Colonel Martinus said. "People who are presently anti-SWAPO would become pro-SWAPO within three months if the defence force pulls out. General Lloyd was equally sceptical about the proposed elections. He did not think the United Nations plan as it stands can achieve its aim of ensuring the holding of free and fair elections."

Judging from the present mood of the South African Government and the main internal Namibian political parties, there is no intention of going ahead with the United Nations settlement plan for the foreseeable future. Therefore, the defence force will have plenty of time to show whether in fact they can win the war in Ovambo land or whether SWAPO will prove to be as determined and resilient a force as the nationalist guerrillas in Zimbabwe.

Nicholas Ashford



# LONDON DIARY

## The right time for a voice from the left?

It will not have escaped your notice (it certainly has not escaped mine) that there has been a slight change of ownership in our national press. Now that nearly one third of the output of Fleet Street pours from one man's presses, I shall not be in the least surprised if some campaign, which surfaces every so often, to establish a national daily newspaper of the left.

There used to be one. It was called the *Daily Herald*, half-owned by the TUC, but in its latter years it fell into steep decline until transmogrified into *The Sun* in a final attempt to resuscitate it. Its title was finally taken by a new paper of a different editorial and political views. Some would say there still is a left-wing daily. But the dear old *Daily Mirror* is really much too sensible and considered in its outlook to be properly classed as such, although it provides a healthy antidote to the Toryism of *The Sun*, even if it does not sell as many copies.

There are two others which could properly be regarded as dailies of the true left: *The Morning Star* and *The News Line*. Unfortunately both have their colours mottled by particularly narrow mastheads.

Despite a vigorous circulation campaign, the Communist Party's 51-year-old *Star* is in decline. Latest information suggests that under 20,000 copies are sold in Britain each day, although a further 14,000 are despatched nightly to Eastern Europe.

*The News Line* is a more interesting case altogether. Its circulation is impossible to assess, I suspect it is very small, but on the other hand its owners did buy three large lorries last year to distribute the paper from its Runcorn, Cheshire, printing plant. It is the product of the Workers' Revolutionary Party, whose principal asset is Vanessa Redgrave, and is an impressive publication, a recent Saturday copy before the 24th of several in full colour, all for 12p.

But *The News Line* is really much too extreme to be regarded as anything other than the mouthpiece of an extremist faction.



The Campaign for Press Freedom, established last year with the backing of Tony Benn and a number of trade union leaders, favours a mainstream left-wing daily, at least partly

financed by a Labour Government creaming off some of the advertisement revenue from the established Fleet Street titles. The idea was seriously debated in Labour Party circles before the election defeat of 1979, but the cost of launching a new national paper was found to be terrifying.

I still think it will happen one day, although not just yet, and it will be financed by a number of the wealthier trade unions. Anyone who seriously believes in a diversified press must welcome it as an alternative voice. But trade unions are in no position to set it up at the moment; their copious valuations are too committed to bailing out the Labour Party.

## Gallop poll

Little did I realize, when I first mentioned it early last December, that so many of you would be so keen to have a horse race read it elsewhere, but you read it here first. The announcement of a new Chancellor for London University, which should have been known on Saturday, has been delayed until today because the Senate House has been flooded by a tidal wave of voting papers. You may recall my pointing out that Princess Anne was the

sole nomination to succeed her grandmother in the largely ceremonial but nonetheless important post, and that unless the 80,000 members of Convocation of London University woke up to the fact, it would be a one-horse race. I was grudging no acas for or against VHR, merely reporting the views of one graduate who thought there ought at least to be a properly contested election.

The graduates certainly did wake up. Not only did they put up two alternative candidates, Jack Jones and Nelson Mandela, but by the time voting closed Saturday, more than 42,000 members out of a total electorate of around 80,000 had cast their votes.

The result should have been declared at the end of Saturday's meeting of Convocation, but the task was plainly impossible. Counting started at 9 am yesterday, with 40 tellers drafted in from other university offices, and by late yesterday afternoon they still had not waded through the huge pile. They are due to resume again this morning.

This is the first time since the office of Chancellor was created in 1836 with the uncontented election of Sir William Cavendish, later Duke

of Devonshire, that there has had to be a ballot. All nine previous Chancellors have been elected unopposed. The last time that the whole of Convocation was asked to vote, admittedly for the more lowly post of chairman, only 5,083 ballot papers were returned.

I shall be as surprised as anyone if either Jones or Mandela emerges as the winner, but at least if the Chancellorship is supposed to be the result of a democratic election, it will have been seen as such.

## Daggers drawn

Noon, Friday the thirteenth of March. Somebody gets the dagger at noon. Cordis tense on the backs of the hands, and jealousy and malice seep invisibly through the minds of our leading crime authors. The Dagger Award is presented by crime reviewers annually to the book they vote to have been the best exercise of the little grey cells, thriller, chiller, thud and blunderer, or work of pure detection, last year.

Some mole in the nasty trade has leaked me the short list. It includes the obvious suspects: Dick Francis, for those who like their crime on horseback; P. D. James, for those who like it

with a frisson of the Iris Murdoch; Julian Symonds; David Williams; and a pack of other choice and master/mistress purveyors of crime, with whom the cautious man should surreptitiously swap glasses before drinking.

For those who like a flavour of *murder* with their murder, our own super crime reviewer, H. R. F. Keating is on the short list for *The Murder of the Maharajah*, a period piece set in the Thirties to celebrate the fiftieth anniversary of the Collins Crime Club.

The John Creasey Award is given to last year's writer of the best first crime novel. The principal suspects are Alex Australia, Lisa Cody, Helen Luce and Robert McCrum. If their lives are a tenth as sinister as their writing, I expect most of them to fall by the wayside in mysterious circumstances before Friday the Thirteenth.

## Double blue

Those of you who appreciate chiasmus will savour a rare and possibly unique illustration in the field of college headships at Oxford and Cambridge Universities.

It arises from the appointment of Lord Adrian, professor of cell physiology at Cambridge,

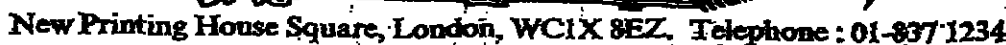
as Master of Pembroke College when the classicist William Camps retires later this year. The new Master's father, the first Lord Adrian, was Master of Trinity from 1931 to 1965. When he left that post to become vice-chancellor and ultimately chancellor of Cambridge, he was succeeded by Trinity by Lord Butler. Now Lord Butler's father, Sir Mootagu Butler, was once Master of Pembroke.

Next, you see. It may fuel the suspicion that our senior universities are hotbeds of academic incest, but you must agree it makes a change from that wearisome and impetuous fuss about structuralism.

Most of Cambridge University has written to me to point out that the Oxford University Diary is not alone in getting the date of British Summer Time right this year. Indeed a third ancient institution, the MCC, managed to publish the correct date (March 29) in its diary, in contrast to the majority of commercial diary publishers who have declared the season open a week early. No more, please; we all know now.

Alan Hamilton





W. J. STRACHAN,  
10 Pleasant Road,  
Bishop's Stortford,  
Hertfordshire.  
February 11.







# Fashion

by  
Suzy Menkes

## Moving up among the heavyweights

It is a long hard haul from the end of Wigan pier to the bright lights of the West End. The cardigan has taken longer to make it than many a seasoned trouper, but this spring it can rightly call itself a star.

I have seen the once-humble cardigan in every single designer collection—svelte in cashmere at Yves Saint Laurent, chunky in chenille at Hardy Amies. There are cardigans knitted in silk and plain woolsies embroidered with the most intricate gilded threads. There is now no fashionable occasion (Lanvin showed a lamé cardigan over a ball dress) when a cardigan does not look right.

The most popular cardigans for this spring are the heavyweights

that have elbowed out the jacket. The vogue for padded shoulders did a good deal to help the metamorphosis of the cardigan from drooping understudy to star performer. The shaping at the shoulders gave fresh life to knitwear, even for women who prefer the flatness of tailoring. The double-breasted or wrap-around cardigan jacket are currently the most fashionable shapes, and they are frequently translated into fabric to make a cardigan jacket out of cloth.

I think that the cardigan looks much better as an integral part of an outfit than as an appendage, which is how it always used to be worn over a summer frock on the sea front. The most desirable cardigans are those sold as part of

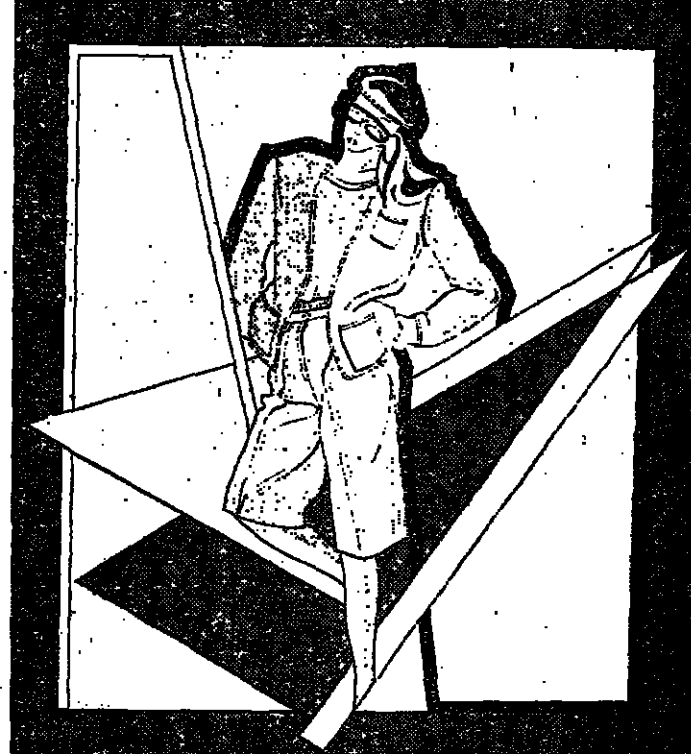
a three piece suit, the colours and patterns of the wool cunningly printed on to a cloth skirt or matched absolutely to plain trousers or a lacy sweater. The snag is that this kind of integration is very expensive, so you have to forget the idea that the card suit might make a cheap and cheerful substitute for a new spring jacket.

The alternative solution is to make a ruthless study of everything in your wardrobe and buy the one cardigan which will tone more or less with most of your existing separates. In practice, I think you will find that this means navy or cream. An Aran-style cardigan or thick rib (Marks & Spencer have an acrylic version in camel, navy and red at £11.99) makes an

elegant jacket, if you wear it with this season's shorter skirts and a classy belt.

Because skirts are getting shorter, the cardigans are getting longer, at least covering your thighs and often growing down to three-quarter length. Worn with a pretty tie-necked blouse and a slim skirt, they really are smart enough to act as a light spring coat.

The first intimations of stardom for the cardigan came just 60 years ago when Coco Chanel set up her little shop in Deauville and used the inspiration of her Milord English lovers to touch English country casuals with French chic. I think that Madame Chanel would be well pleased to see her protégée celebrating its diamond jubilee.



Left: The stylish cardigan suit in cotton knit by Adrian Cartmell for Crocodile, jacket £85, skirt £63, in white, taupe or turquoise, striped, sizes small, medium and large from Crocodile, Beauchamp Place, London SW3, The Piazza, Covent Garden, London WC2, Royal Exchange Shopping Centre, Manchester, Station Road, Solihull, West Midlands, and branches.

Above: Three piece shorts suit, jacket with contrast piping £59, matching top £41, bermudas £34.50, all pure wool in wine, cream or navy, from Arté, 12 South Molton Street, London W1 and 51 Brompton Road.

Above: Collarless double breasted, three quarter cardigan £28.40 in pure new wool in ten colours, matching cords £15.40 both from Benetton, 40

Hampstead High Street, 23 Brompton Road, London and Dublin and Cork branches. Checked shirt by Plume £15 from Crocodile, Hampstead, and branches. Shetland wool brightly striped sweater £19.50, (children's £14) from W. Bill, 93 New Bond Street and 28 Old Bond Street, London W1.

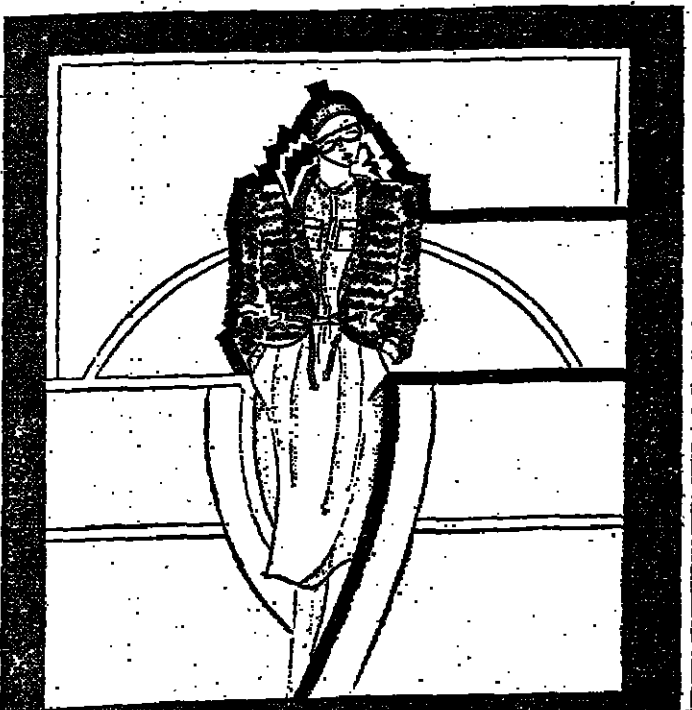
Checked wool gloves £2.50, and Elbeo ribbed tights £4.50 all from Fenwicks of Bond Street, London W1. Leather moccasins, white, blue or red with contrast stitching £14.99 from main branches of Freeman Hardy Willis.

Make-up by Arianne for Models One. Hair by Lundy at Toni & Guy. Photograph by Jeany

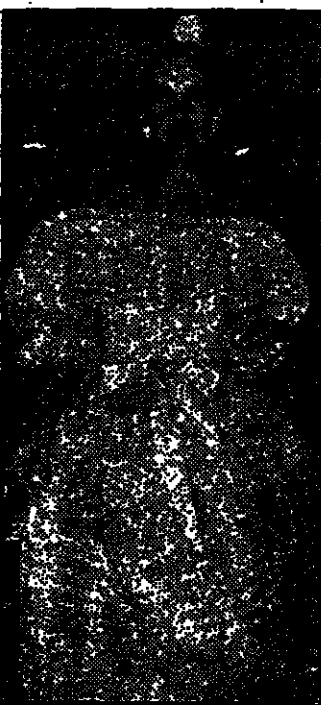


Above: The cardigan jacket in ribbed acrylic £19.95, in rust or black, pure wool skirt £29.95, in mint, peach, cream or navy and blouse £16.95, all by Reldan, sizes 10-16 from Barkers of Kensington, Frasers of Glasgow, Rackhams of Birmingham and Kendal Milne of Manchester.

Below: Cardigan outfit with knitted chenille jacket £130, in brown, pink, blue or grey, exactly toning cotton shirt £85 and silk mix skirt £75 all by Hardy Amies, 14 Savile Row, London W1. Drawings by Susan MacKinley.



## Snippets



Embroidered organza ball dress.



Crewel-embroidered jacket with pleated wool-crepe skirt.



Printed crepe de chine suit.

Whatever the merits of newsreader Jan Leeming's singing voice, you have to admire her style. At six months pregnant, she consistently appears on television looking neat, elegant and with none of those awful touches of white at the neck or frills across the bosom that are traditionally associated with mothers-to-be. The peacock blue Gina Fratini dress she wore on the Russell Harty show was another happy choice.

Now that so many more women are holding down serious jobs right through their pregnancies, there is a need for more formal clothes (and especially well-cut separates) suitable for an expanding figure. Maternity shops have gone a long way to meet the market needs. Even Mothercare are rethinking their pinafore dress and flowered smock image and putting some jollier clothes like dungarees in their stores (but not yet in the catalogue). Famous names still seem to gravitate towards suitable dresses from ordinary fashion ranges. (This is the principle behind that rather good maternity shop, Great Expectations in London's Fulham Road, who stock designers like Paul Horie). Princess Michael of Kent swooped on a trapeze shaped wool crepe dress by David and Liz Emmamuel and a floating Indian silk evening dress for her continuing round of engagements before her new baby arrives in April. Laura Ashley have found that their baggy dungarees, designed for kids, have been snapped up by stylish mothers-to-be.



Spotted-net blouse with flocked organza skirt. All from Belville Sassoon, 73 Pavilion Road, London SW1. Photographs by Harry Kerr.

Perhaps the most surprising appearance was the smock worn by Laurence Lipman (pregnant not to real life but in her TV series Agony). That innocent looking dress comes from Vivienne Westwood's shop World's End, the birthplace of

Punk: bondage trousers and ripped T-shirts, now quite changed with a gentler fashion image. They were battling in Belgrave to get into the Belville Sassoon show last week. I was surprised to see such a quintessentially English audience abandon our tradition of queuing. But when I saw the ravishingly pretty clothes, so perfectly suited to the English woman's coloring, shape and social life, I realized that the show must be as much a part of the calendar as Ascot and Wimbledon.

The colour palette for summer comes straight out of a Gauguin painting, with absolutely none of this season's cruel khaki, but plenty of soft blues, sugar pinks and turquoise. David Sassoon's silhouette is neatly tailored with some delicious crewel-embroidered jackets worn with pleated skirts and silk blouses to wear the show. Equally tidy are the navy crepe sailor collared outfits as Edwardian children's outfits come of age. Since English women seldom shine with chic in a little black dress, I absolutely approve of David Sassoon's frilled organza evening blouses, silk taffeta ball gowns, printed with a prior of bows and decorated with real bows, and hand-painted chiffon crinolines.

For less formal occasions, the prints and colours are equally pretty, but made up into simple crepe de chine separates—like a slim silky coat over a soft skirt.

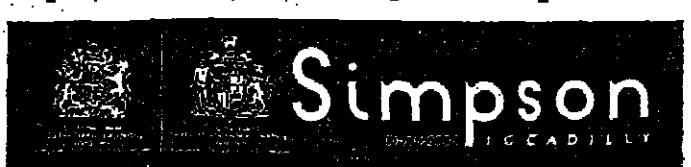
## SPRING CELEBRATION!



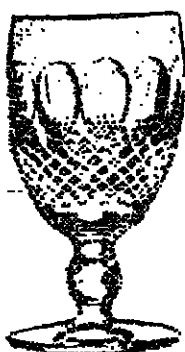
## SPRINGTIME AT SIMPSON MEANS IRRESISTIBLE PRICES

This year, Simpson and their leading suppliers have designed and produced a range of quality Spring merchandise at advantageous prices. What's more, until the 28th February we'll give a bottle of Bollinger Champagne to everyone who spends £200 or more in the store in one day—so there's even more reason to celebrate!

Shown here: His DAKS two-piece suit £99.00, poly/cotton shirt £9.50, silk tie £3.95; Her DAKS blazer £89.00, DAKS skirt £45.00, DAKS shirt £22.00. Other super value items include: for men, DAKS two-piece suits £119.00, cotton shirts £16.50 and cashmere cardigans £49.50; for women, navy cashmere coats £275.00, Barkers shoes £29.00, wrap housecoats £26.00, and Chamos tights £1.45 for 2 pairs.



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# Insurance features strongly

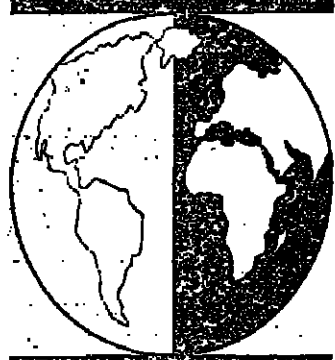
• \$ Forward bargains are permitted on two previous days.

[illegible]









## Saudis near agreement on IMF loan

The International Monetary Fund and Saudi Arabia appear close to an agreement under which the latter would lend the fund billions of dollars to help it to meet increasing pressure from member countries for loans, according to monetary sources in Washington.

Under the Saudi Arabia would lend the equivalent of between \$3,700m and \$5,000m (between £1,608m and £2,174m) annually of surplus oil revenues over the next three years.

**Anti-dumping duty**  
An anti-dumping duty of 4 per cent has been imposed by the European Commission on imports from the United States of styrene monomer, a raw material used in the manufacture of plastics. American sales into Europe, helped by artificially low energy and feedstocks costs, rose 31 per cent between 1978 and the first half of last year.

**Controls relaxed**  
Mr Owen Horwood, South African finance minister, has announced minor relaxations of foreign exchange control procedures. Travel allowances to other countries will be raised to £400 a year (about £1,900) and to £750 for business travel.

**Qantas losses**  
Qantas, Australia's international airline is losing A\$3m (£1.5m) a day because of strikes which have stranded thousands of passengers. A spokesman said all but one of the airline's 22 aircraft are grounded.

**Hungarian loan**  
The National Bank of Hungary is raising \$150m (£65m) through a consortium led by Kuwait Foreign Trading, Contracting and Investment Company (KFTCIC) and Arab Banking Corporation.

**£130m Colombian deal**  
An Italian consortium including GIE and Impregilo, the Fiat subsidiary, has won a \$130m contract to build a hydroelectric plant at Betania on the Magdalena river in Colombia.

Cambridge unit to develop new technology for share of licence fees

## Commercial consultancy will help inventors

A new channel for commercial exploitation of inventions and new technology has been opened by Cambridge Consultants, the Arthur D. Little subsidiary in Cambridge Science Park. Cambridge Enterprises, an independent unit within the consultancy, will work for clients in return for a share in licence fees and royalties.

The new unit, headed by Dr Robert Hook, will invest in development leading to prototypes and will meet other expenses at its own risk. But it will apply stringent criteria in its choice of inventions, accepting only those which, for example, will fulfil a sizeable market need, can be protected by patents or otherwise, and are demonstrable with a limited amount of development.

The company will require exclusive management rights, but will forgo them if agreed results have not been achieved within a specified period. Inventors will normally share revenues equally with the company.

Cambridge Consultants has already launched a number of products from its own research and development and this work is expected to continue.

An instrument that uses two laser beams to measure air pollutants over wide areas and in three dimensions has been developed for the Electric Power Research Institute, is the United States by SRI International (formerly Stanford Research Institute).

The device, which is mounted in a trailer, is known as a differential absorption lidar, or Dial. Lidar (light direction and ranging) works in a manner similar to radar (radio direction and ranging). Laser pulses are transmitted and reflected and then measured on their return.

Beams of ultraviolet laser light are swept across a plume of emissions from a chimney stack and the concentrations of gases present are measured. The instrument can be used to survey an area as far as two miles from the emission source to determine where pollutants descend to earth.

Gases such as sulphur and nitrogen dioxides are given off when fossil fuels are burned to generate electricity. Limits have been set on such emissions, but it has been difficult to follow their dispersion after leaving the stacks.

The Dial system has been tested at Commonwealth Edison's Kincaid generating station near Springfield, Illinois, and it is now likely to be leased by other electric installations.

Dr Glenn Hilt, of the research institute, says that the new instrument collects in one hour data equal to that gathered by 1,000 ground-based air-sampling stations.

The institute, based in Palo Alto, California, is a non-profit research organization funded by more than 630 electric utility companies in the United States. SRI International is based in Menlo Park, near Palo Alto.

BMW, the German motor group and a leader in the application of microprocessors for cars, has devised a system which it claims will tell drivers when their vehicles need servicing.

The system was developed by BMW engineers at the company's headquarters at Munich to cut out unnecessary servicing

## Technology News

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The system was developed by BMW engineers at the company's headquarters at Munich to cut out unnecessary servicing

and to reduce motorists' costs. It is based on the assumption that because everybody drives a car in a different manner, mileage alone is a poor indicator of when to visit the garage.

A microelectronic monitor provides instant information about the state of the car's engine by recording the engine speeds that have been achieved, the mileage, the engine oil temperature, and the time since the last service.

Dr Wolfgang Peter Fohr of BMW's customer service department said: "I just consider stop-go traffic in congested cities, of the many times you start your car with the engine still cold, especially in winter, of the numerous warming-up phases with the engine running at high speeds."

Compared with such running conditions, long distance motoring with the engine at a constant temperature and engine speeds in the upper 'rev' range is quite a different matter."

The data for the introduction of the system as a standard feature has not been decided, but future BMW owners will find on the dashboard a panel of five green, one yellow and three red lights.

When the ignition is switched on, one or more of the green lights will come on to indicate the period up to the next service. When the engine fires, the green lamps go off and if the sensors detect that a service is needed, the yellow light will be switched on.

The red lights will come on only if the service interval has been exceeded. At the garage, a mechanic can cancel the lights and reset the system.

Kenneth Owen and Edward Townsend

## LETTERS TO THE EDITOR

## Finance for UK steel Too high a price for 'flat fare' buses

From Mr Michael Grylls, MP for North West Surrey (Conservative).

Sir, Last week's holding statement on the British Steel Corporation finances, by the Minister of State Norman Tebbit, showed that the Government recognized the almost incidental damage which could have been done to the existence of the up to now profitable private sector of the industry, through giving a blank cheque to BSC.

It would be a political paradox and industrial disaster if a Tory Government accepting the "slings and arrows" of adherence to market disciplines, with inevitable loss in popularity, should at the same time become the instrument of bringing about by proxy a totally nationalized United Kingdom steel industry.

Up to BSC's disastrous strike in 1980, the nationalized corporation had lost £1,528m, while independents in the overlap area have made profits of more than £700m in the same period.

Both sectors are now faced with a disastrous recession in demand; some retrenchment in capacity is now inevitable, without reference to ideological divisions. Mr Ian MacGregor has shown he sympathizes with the plight of the independents by agreeing to talks.

However, it would be fool-

hardy to leave this retrenchment solely in the hands of a bankrupt Corporation, only kept alive by colossal transfusions of taxpayers' money, at the expense of those independents who would have been the sole survivors if the pure market discipline had been applied.

The main task of BSC must be to manage the integrated strip mills and heavy plate and section mills, which are its monopoly in the United Kingdom and constitute three-quarters of its business. In financing this, the Government must ensure, by Directions under the Iron and Steel Acts, and by positive intervention under the Industry Act, or administratively, that the BSC rescue operation is not done at the expense of independent producers in the overlap area.

If contraction or merger is required the Secretary of State has the power and the responsibility to ensure the national interest and the maximum support for private enterprise.

Let ministers insist on the establishment of Phoenix, a new company, which will be BSC's successor, before handing over the cash.

MICHAEL GRYLLS, Chairman, Conservative Industry Committee, House of Commons, London, SW1A 0AA.

From Mr Arthur Super  
Sir, London Transport has announced its intention to introduce a 25p "flat fare" on more than 250 suburban bus routes at the beginning of April. This will mean the disappearance of the present minimum fare of 12p, which will beyond any doubt cause hardship to many people.

I was astonished to read the London Transport intends to bring in the 25p fare even though it expects that up to 4 per cent of the passengers not using the 12p fare will stay using buses.

For years and years short distance passengers have been a substantial part of bus (and tube) travellers. Is it not the height of madness to fix "flat fare" at a level that will drive away a large part of the people on whom London Transport must depend for its revenue?

The advantages of "flat fare" travel will be bought at too high a price.

Yours faithfully,  
A. SUPER,  
49 Clapton Common,  
London E5 9AA.  
February 2.

## Slump in textiles industry

By John Huxley

Employment in the cotton and allied textile industries declined by almost a third and output by about a quarter during 1980.

At the same time production of man-made fibres fell by almost 25 per cent to its lowest level since 1967. Deliveries to the domestic market were down by almost 30 per cent, largely because of increased imports from the United States, according to the British Man-made Fibres Federation.

Publication of the figures yesterday coincided with a lobby of MPs by several thousand workers in the clothing, textiles and footwear industries.

Before the lobby, which was organized by the Trades Union Council, clothing union leaders said that unless there was an improvement in the industry's fortunes about 100,000 jobs could be lost in 1981.

According to the Textile Statistics Bureau in Manchester employment in the cotton and allied textile industry fell by more than 19,500 to 63,530 in 1980.

Production of man-made fibres in 1980 was only 449,730 tonnes.

## £32.5m Welsh plant will bring 3,000 jobs

Directors of the Canadian-based Mital Corporation yesterday announced details of a £32.5m investment in a new European headquarters in South Wales.

The plant, at Caldicot, Gwent, will provide 1,700 jobs by the end of 1984 and as many as 3,000 jobs by 1990, considerably more than the expansion plan announced earlier this month.

The company will build a 265,000 sq ft factory on an 18-acre site purchased from the Welsh Development Agency.

A large number of employees will be former steelworkers. The company has applied for a £16m loan from the European Coal and Steel Community and the British Steel Corporation to help with re-training. The Government will also provide a regional development grant.

Mr Terry Matthews, Mital's executive vice-president, said the plant would be a design centre for integrated circuits as well as a manufacturing centre for PABX telephone switchboards. The company hopes to produce up to 30,000 units a year at the plant, with more than 60 per cent going for export.

Details are being finalized on a contract to supply British Telecom with two models.

On the choice of location, Mr Matthews said: "We were primarily interested in the availability of a skilled workforce, good communications and land for expansion for the future."

"But a large part of our choice was the warm welcome we received from Gwent County Council and the considerable amount of help we had from the Welsh Office. Negotiations which in other countries have taken a long time were speeded through in a matter of months."

The company, which was founded in Ontario in 1973 by Mr Matthews, who is Welsh, and Dr Michael Cowpland, another British engineer, has doubled its sales every year since its inception.

"There can be few companies with such a record for constantly achieving its sales targets. It is almost becoming a bore," Mr Matthews said. But he predicted that the rapid growth would continue. The company is now the world's largest manufacturer by volume of PABX units.

They would have powers and duties similar to the policy councils advocated five years ago in a report to the National Economic Development Office.

They would be charged with agreeing corporate objectives and the strategies required to achieve them, and establishing performance criteria appropriate to the individual industry, endorsing corporate plans and monitoring performance.

## State holding companies advocated

By Peter Hill

Industrial Editor

Sir Leslie Murphy, the former chairman of the National Enterprise Board, believes that the nationalized industries should be reconstituted as Companies Act concerns whose shares are held by four new holding companies.

Sir Leslie, who resigned from the NEB over the Government's decision to take over direct responsibility for Rolls-Royce, said in a lecture to the Institute of Administrative Management last night that holding companies should be established to cover the state owned energy, transport, communications and industrial industries.

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## Cutting import costs

From Mr A. D. P. Edwards  
Sir, The article written by Patricia Tisdall (January 26) headed "How Your Buying Department Could Save You a Fortune" raises the vital issue of reducing manufacturing in-

dustries costs and claims that the British Institute of Management's recent report on this issue demonstrates how a 2 per cent reduction in the cost of purchases can yield a 10 per cent addition to profit.

The report, however, makes no mention of the saving that could be achieved by British importers if only they paid greater attention to the appropriate use of currencies when placing orders on overseas suppliers.

The vast bulk of imports into this country are invariably paid for in foreign currencies, which means that the United Kingdom importer must either "take a view" on the future trend of the exchange rate, which is rather akin to running a casino, or he must buy the appropriate currency forward. As most currencies in which we pay for our imports have been at a premium for the last 30 years it means that our importers have been paying over the odds simply for the privilege of paying their suppliers in their own currencies.

For example, a recent purchase of capital equipment in Germany was payable in Deutschmarks over three years entailed the importer paying an additional sum by way of premium of no less than £300,000 purely for the privilege of paying his supplier in his own currency. This situation, at a time when we are all living in a buyer's market, must make a nonsense and in this particular instance entailed the importer in an additional cost of 14 per cent on the face value of his order.

In the case illustrated above as well as other imports from countries whose currencies are at a premium, the importer should insist on a firm sterling price calculated as near to the spot rate as he can negotiate. It is estimated that, as a nation, our importers on average must be incurring an additional cost of between 5 per cent and 10 per cent on the vast majority of our imports and if the BIM report is anything to go by, a reduction in this figure would have an enormous effect on the profitability and competitiveness of British industry.

Yours faithfully,  
A. D. P. EDWARDS,  
309, Seckton House,  
Barbican,  
London, EC2Y 8BX.

## Authentic tartan

From Dr A. W. F. Erskine  
Sir, I note with interest the caption beneath the photograph in the business section of the Times of February 3: "... No all tartans are as authentic as this Erskine".

I wonder how authentic I am; I had always been given to understand that mine like that of all lowland families had been devised in the reign of George IV by a Pole in Edinburgh. The authentic tartan were those worn by the highland clans proscribed after the Jacobite rebellion of 1746. The grandfathers of the lowlanders who came out of this picturesque fancy dress would have turned in the graves at this adoption of such savage highland customs.

Being no kill-joy, however, may say that I have worn my present kilts—Erskine—nearly 50 years on appropriate occasions.

Yours faithfully,  
A. W. F. ERSKINE,  
130 Walm Lane,  
London NW2 4RT.  
February 5.

## NatWest now in Sweden

National Westminster Bank is pleased to announce the opening of its new Representative Office at Arsenalsgatan 8B, Stockholm to support trade and investment between the United Kingdom and Sweden and to extend NatWest services to the Bank's customers in Sweden

### In Sweden contact:

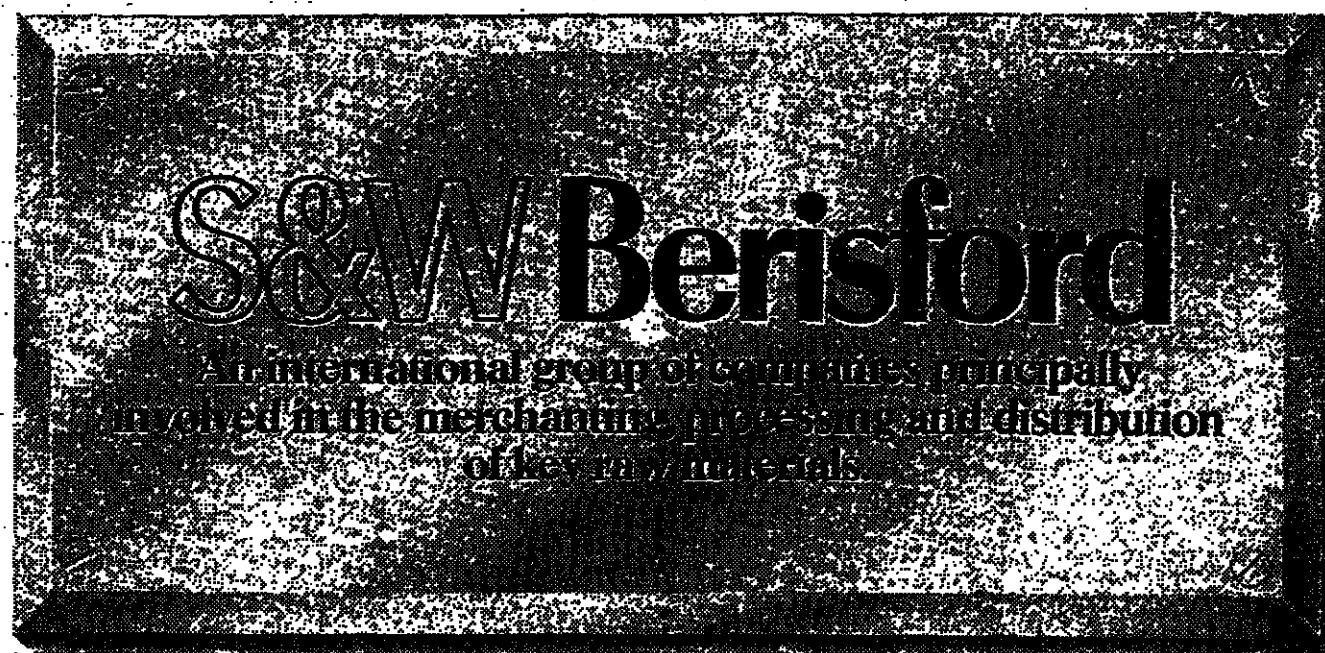
Mr John M Lamb, Senior Manager & Representative  
National Westminster Bank Limited  
Representative Office in Scandinavia  
Arsenalsgatan 8B, S 111 47 STOCKHOLM  
Telephone STOCKHOLM 14 33 95  
Telex 15050 NWBSWE S  
Telegraphic Address NATWESBAN STOCKHOLM

### In London contact:

Senior International Executive for Eastern Europe & Scandinavia  
International Banking Division  
National Westminster Tower  
25 Old Broad Street  
London EC2N 1HQ  
Telephone 01-920 5512 Telex 885361 NWB LDN G

**National Westminster Bank Limited**

'A Worldwide Bank'



## Strength in diversity

In his annual statement to shareholders, Mr E. S. Margulies, Chairman, reports that, despite a most difficult year and continuing high interest rates, turnover and profits reached new record levels.

A total dividend for the year of 9.75p net per share is recommended—an increase of 30% on last year's payment—together with a 1-for-2 scrip issue.

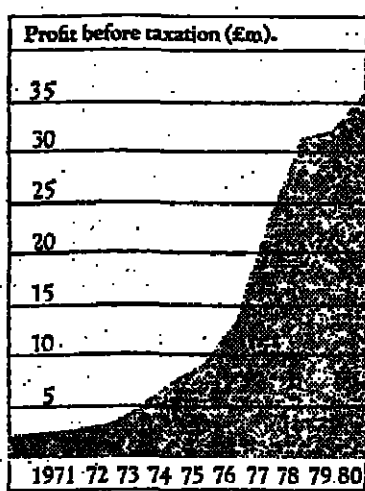
Shareholders' Funds now amount to £165 million—an increase of £44 million, whilst borrowings at the year end have been substantially reduced compared with the previous year.

Referring to the bid for British Sugar Corporation, which is currently being considered by the Monopolies and Mergers Commission, Mr Margulies says: "We remain convinced that there is no aspect of the proposed acquisition which could either detract from the degree of competition which already exists in the sugar market or which could in any way be found to be against the public interest."

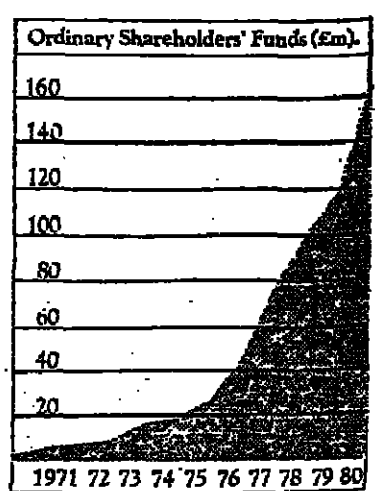
We further remain convinced that a merger between the two companies would serve the best interests of our shareholders, the shareholders in the Corporation, the farmers, the employees of both companies and H.M. Government which would have the opportunity to divest itself of an investment in the private sector."

The Chairman concludes his statement: "It has been a most difficult year for all of us but our results, of which we are justly proud, prove the continuing strength which lies in diversity, and the further strength which lies in our inherent liquidity."

It seems probable that the present world-wide recession will be with us for some time. Nevertheless, we are as determined as ever that our growth will continue and that our shareholders will continue to receive as generous a return on their investment as they have received hitherto."



SUMMARY OF RESULTS			
Year ended 30th September	1980	1979	
Turnover	£2,452.54	£2,170.17	
Profit before taxation	36.12	32.23	
Ordinary Shareholders' earnings	27.05	25.55	
Ordinary Dividend	10.15	6.69	
Shareholders' Funds	163.28	119.54	
Earnings per share	28.03p	27.66p	
Dividend per share (net)	9.75p	7.50p	
Dividend times covered	2.66	3.78	



Copies of the Annual Report, containing the Chairman's Statement in full, may be obtained from The Secretary, S & W Berisford Limited, Berisford House, 50 Mark Lane, London EC3R 7QJ.

The Annual General Meeting will be held at the Tower Hotel, St. Katharine's Way, London E1 at 12 noon on Monday, 9th March 1981.



BY THE FINANCIAL EDITOR

Hugh Stephenson

## Bae proves the small investor is still alive

Anyone and everyone connected with the British Aerospace launch were patting themselves on the back yesterday over its encouraging reception.

In contrast, the stockmarket was taking a more prosaic view that the 34 times per subscription was not as great as expected, although it is quite likely that a number of institutions had pulled in their wagging horns because of the medium-term profit worries implicit in the prospectus.

The overriding impression is that the publicity machine put into top gear for this crucial Government privatization step has worked in many more small investors, public or otherwise, than a run-of-the-mill offer for sale.

Excluding employees, the 155,000 applications is a very high figure compared with the 36,000 applications for the 88 times per subscribed Eurotherm issue two years ago. While it is always hard to generalize out the source of share applications—situations do not always apply in their own times and wealthy individuals often use a mince—the sheer weight of small investor interest has allowed this to be satisfied in 11. Best guesses yesterday were that roughly 80 per cent of the 100m shares on offer will end up in small shareholders' hands.

leinwort Benson, the issuing house, maintained yesterday that in arriving at the basis allocation while satisfying the Government's wish to favour small shareholders it is taken full regard of institutional demand as well and if it is right there is unlikely to be much pent-up demand from institutions frustrated by the basis of allocation.

Yet that 80/20 split hardly corresponds to the normal pattern of equity shareholdings, even though there is a ready institutional appetite for a much better than average engineering share like Bae, the degree of private staging in this issue suggests there would be a steady tap especially if the stockmarket has as poor a run-up to the budget as it did yesterday.

The institutions will then not be willing chase the price too high and the expected 1 per cent premium when dealings start on Friday may not last all that long.

urora

perational

aring movements tell their own story as the steady fall of the shares of Aurora Holdings, private steel maker and engineer, shows. Over 18 months the shares have fallen from 2p to only 26p now; the stock market feels at after a maintained interim dividend, the fall is in some doubt, yet the balance sheet stronger than it might appear at first glance.

Yesterday Aurora announced the successful raising of nearly £1.3m of new money at favourable rates from the Department of Industry and the European Steel and Coal Community. These loans which were first requested in 1979, will be used to rationalize group's steel activities, which, after the acquisition of Samuel Osborne and Edgar, are now to be concentrated in two areas instead of seven.

But steel only accounts for some 15 per cent of the group's business. The rest is a mix of engineering companies, most of which have followed the engineering trends Britain and have been under recessionary pressure. But the two companies in New Zealand and Australia are highly profitable. Although profits will inevitably be substantially down on the £3.8m, however, Aurora may survive the present recession better than some which are in the same predicament.

Over the past year it has taken action to improve its finances. It has sold properties of various assets in an attempt to reduce uncomfortable borrowings. In last year's balance sheet, borrowings were 107 per cent of shareholders' funds, thanks to the action taken—even though interest payments will rise from some £3.5m probably £6.5m—it has managed to de-leverage slightly to around 100 per cent of shareholders' funds.

Stocks which in the balance sheet appear £44m have almost certainly fallen. If the

recession tapers off soon and is followed by a recovery a highly-gear company like Aurora could yet stage a sharp recovery.

The shares are on a prospective yield of 8.3 per cent assuming no final and a p/e of around 5 if the group makes, say, £2.75m profit—but that is an optimistic assumption.

### House of Fraser Lonrho applies pressure

Not surprisingly, the offer document from Lonrho detailing its 150p a share cash bid for House of Fraser is a slim volume. Mr Rowland's camp, presumably feeling that only a Monopolies Commission reference or the emergence of a counter-bidder could bar its path, does not feel it necessary to waste words on exhortations to Fraser shareholders at this stage.

Interestingly, a proforma statement of combined assets, deducting the £161m total cost of the bid from group resources—but of course ahead of Fraser's much vaunted asset revaluation—shows a combined group with net assets of 174p and gearing, excluding Lonrho's confirming activities, of around 75 per cent.

After the revaluation, however, combined net assets could presumably rise from £453m to something over £600m and reduce gearing to nearer 50 per cent, producing what looks like a very good deal for Lonrho in balance sheet terms, notwithstanding the traditional argument about returns on retail assets.

The revaluation, of course, will be a major plank of Fraser's defence, but one which Lonrho may not have too much difficulty in knocking down. Its own shares stand at 99p, representing a 43 per cent discount on net assets; Woolworth's share price is but a third of assets on a historical valuation and Debenhams' under a half.

Meanwhile, with full-year figures approaching which could put an exit p/e ratio on Lonrho's offer of something like 18, Professor Roland Smith's team at Fraser may have their work cut out even to push Lonrho up to 175p a share mark, which market observers see as the optimum figure.

● A casual observer may be forgiven if he found himself bemused by yesterday's events. Here was the Department of Trade reporting by far the biggest monthly trade surplus ever recorded—a massive £957m on current account—yet there was sterling finishing the day almost 3 cents lower against the dollar at \$2.2570.

As far as sterling's performance is concerned, the explanation is very simple. International investors are continuing to scramble aboard the dollar bandwagon as fast as they can. President Reagan is the man of the moment; the dollar the currency of the moment. How long all this will last is another matter. Certainly, the free fall possibilities given any reversal in sentiment are frightening.

On the face of it, there is no reason why the present honeymoon period with the dollar under new management should not last for some time. Tomorrow the President will unveil a major programme of public spending cuts. The Federal Reserve has already pinned its colours to the mast of sound money.

So what are the problems? First, there is the question of the overall fiscal strategy. Taking in proposed tax cuts, will the overall package add up? Secondly, there is the question of the Fed's response to what the President proposes. The nagging doubt on this score must be that a promising looking fiscal package might be used to justify the acceleration in dollar interest rate cuts that some European governments are now extremely keen to see.

What, then, of the UK's January trade surplus? Even allowing for a number of favourable factors, such as a particularly favourable position on the oil account, the surplus is enormous and looks to be almost wholly attributable to the continuing export of domestic despatches on imports. While that suggests further improvement in the liquidity position of the corporate sector, it also raises the question as to the nature of the balancing outflow on capital account.

## A waking nightmare for the Chancellor

The letters MTFS may not instantly evoke a response from the man in the Clapham omnibus, but they must now be haunting the waking hours of Sir Geoffrey Howe in the run up to his third full Budget. For, as every reader of this newspaper knows, they stand for a medium-term financial strategy which Sir Geoffrey's personal contribution to the form and content of the Budget speech.

The MTFS when it was unveiled after much internal argument and agonizing about the wisdom of giving such a hostage to fortune, was not to be confused with an old-style "national plan". It was concerned only with those very few things over which the Government has actual control.

These were asserted to be government borrowing, government spending, government taxing and the supply of money in the economy. Targets for each of these magnitudes were set out for the four years to the end of this Parliament in a pattern consistent with a steady fall in the rate of inflation. It is necessary to spell out the bits of the MTFS in order to see the practical and presentational problem that faces the unhappy official in the Treasury even now working on a stiff early draft of what the Chancellor will eventually say on March 10.

For at the heart of the strategy "is a target for a steadily declining growth of the money supply, that is set alongside policies for Government spending and taxation which will underpin the objective" (Chancellor, March 26, 1980). The rationale of this policy was that "inflation cannot persist in the long run unless it is accommodated by an excessive expansion of money and credit".

When, eight months later, the Chancellor was once again standing to make a mini-budget statement to the House he had in effect to admit that as of that moment all previous statements about monetary targets had become inoperative. But, he said, "I shall announce a new target in the Budget".

In the time that has passed since that promise last November attitudes to monetary targets have undergone something of a change. The measure chosen for the target, the celebrated "sterling M3", has been losing friends.

remaining 30 per cent, who as public sector workers cannot be dismissed, will be reabsorbed elsewhere.

In Chloride's view, the company will benefit the local economy. The batteries produced by the new plant will be of an international exportable quality and will be sold to the Egyptian public sector General Company for batteries, "Genbat". Production is due to start at a new plant in 1982. Last June, however, the company ended up in the Egyptian courts.

It faced the charge that it was a "conspiracy against the Egyptian public sector"—and the possibility of an immediate injunction bringing the project to a halt. In December, after six months of hearings, a lower court ruled in favour of the defendants. Now the case goes to the Egyptian Supreme Council for review.

The case was brought by two local unions, the General Engineering Union and the Genbat Labour Union. The defendants are Chloride, the Egyptian public sector General Company for batteries, and Genbat's chairman.

The unions have been backed by Chloride's legal advisers claim, by "well known left-wing sympathizers", who oppose the public sector. Chloride, as part of Gamal Abdul Nasser's ineffective industrialization programme during the 1950s and 1960s.

By taking Chloride to court, the unions were making a public attack on President Sadat's open door policy, which seeks to attract foreign investment by offering a number of incentives, with the aim of increasing Egypt's poor industrial output.

Had Chloride lost the case, the effects on future investment by foreign companies would have been disastrous, says Mr Andrew Cameron, Chloride Egypt's managing director. As it is, news of the case has already been brushed aside as one more major investment project from Egypt, and stalled investment decisions by other companies.

Mr Cameron dismisses as "scurrilous accusations" the charges brought against Chloride, which included allegations that Chloride was a "bad" company, that illegalities had taken place in the establishment of the joint venture and that Chloride had been granted a monopoly.

The single charge with substance was that Chloride will employ only 70 per cent of the workforce at the existing Genbat lead acid factory, which will close down when the new plant starts production. But the

## Raising the roof over rates

The betting is that the target announced on March 10 will be expressed in terms of more than one measure and will in general have a more flexible and discretionary quality than the March 1980 version.

The MTFS waking nightmare, however, is not really to do with the money supply targets which have caused so much embarrassment. Certainly there are technical and presentational problems in this area. It seems to be proving, for example, much more difficult than the Chancellor supposed in November to produce a sensible definition of money that separates out retail deposits in the banking system. The central problem for the Chancellor has much more to do with what he called the underpinnings, government spending and taxation.

For in order to achieve the orderly reduction of monetary growth and inflationary expectations over a four-year period, without creating extra and intolerable upward pressures on interest rates, the strategy assumed a steady fall in the volume of government spending over the four years, combined with a steady growth of tax and other revenues over the same period. This was to have given the Government a borrowing requirement falling both in absolute terms and as a percentage of the gross domestic product from 33 per cent in the current financial year to 13 per cent in 1983-84.

Alas, as we already know, this year's borrowing will not be £2,500m, but nearer £3,000m to £4,000m. More serious from the point of view of the MTFS, two years of continual public expenditure cutting exercise has resulted in a situation where spending levels this year will be some 13 per cent higher than they were forecast to be at the outset.

The chances of the volume of public spending actually being reduced year by year over the rest of this Parliament are effectively zero. For it is clear that Mrs Thatcher's government has exhausted its physical, emotional and political capacity to go through another major cutting exercise. And in that case, inherent upward pressures for more spending will reassert themselves in the next three years.

Government, Planning and Land Act. These gave business ratepayers the right to pay by instalments, reduced the maximum which could be levied on empty premises, and suspended the mandatory surcharge on unused commercial property which was introduced by the 1974 Local Government Act.

More important, Mr Rigby thinks, is the obligation now placed on local authorities to start producing information in a form which will enable comparisons to be made more easily between the performance of different local authorities.

The next step will be the production of definitions of the standard of service provided, so that "people can choose whether to have a Rolls-Royce standard in some services and pay accordingly".

This comparative information should start to be published this year as part of the annual demand note. The new annual reports which local authorities will be required to publish should start appearing next year. But everyone concerned, particularly the Department of Environment officials (who are said to be "appalled" at the prospect of having to draw up the definition) agree that there are problems in defining standards of service.

"I really would not expect dramatic results in only a year," Mr Rigby says with resignation. Nevertheless, he considers that some definitions must have already been worked out by Department of Environment officials in order for the new system of block grants to have been introduced. Improved quantification and evaluation of services is also taking place as more councils consider using outside contractors and start weighing up tenders on a value for money basis.

As far as the immediate future is concerned the CBI, as well as the chambers of commerce and other business representatives, are pressing for an upper limit on business rate increases to protect their members from excessive local authority spending and "for 'mothballing relief', which would exclude business property which is temporarily out of commission from liability for rates, as a modest stop gap.

At national level, there is more or less continuous toing and froing between the CBI and Mr Michael Heseltine, the Secretary of State for the Environment and his departmental officials.

Some small encouragement is drawn by three specific measures designed to help business ratepayers, which were introduced in the 1980 Local

## Trouble on the road to Alexandria

Chloride is a joint venture with a government-backed company called Genbat, the Egyptian public sector General Company for batteries, "Genbat". Production is due to start at a new plant in 1982. Last June, however, the company ended up in the Egyptian courts.

It faced the charge that it was a "conspiracy against the Egyptian public sector"—and the possibility of an immediate injunction bringing the project to a halt. In December, after six months of hearings, a lower court ruled in favour of the defendants. Now the case goes to the Egyptian Supreme Council for review.

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By taking Chloride to court, the unions were making a public attack on President Sadat's open door policy, which seeks to attract foreign investment by offering a number of incentives, with the aim of increasing Egypt's poor industrial output.

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## INVESTORS CAPITAL TRUST LIMITED

Annual Report for the year to 30th November 1980

Total assets rose from £75m. to £103m. Net assets per share reached a new high of 145p — an increase of 47%.

The investments are widely spread in the U.K., U.S.A., Japan and elsewhere and have outperformed the local market indices.

Earnings rose by 19% and the total regular Dividend to Shareholders will show a 22% increase (if non-recurring items in 1979 are excluded).

Our policy is to invest internationally for capital growth. Our income is expected to rise in line with the growth in value of our investments. It is the declared aim of the Company to increase the real value of our Shareholders' capital and income.

Copies of the Report may be obtained from the Secretary  
**INVESTORS CAPITAL TRUST LIMITED**  
9 CHARLOTTE SQUARE, EDINBURGH EH2 4DY  
Telephone 031-225 4533

A member of The Association of Investment Trust Companies.

## Business Diary: Mars bringer of lore • Moneysyllabic

anagers, beware — another of "ologist" is moving in to tell you your business. He is Gerald Mars, an anthropologist at the Middlesex Poly, to have written what could be a seminal article for Rain, the wheetter of the Royal Anthropological Institute.

Mars's article, entitled "The anthropology of Managers", is there is not any such thing as a free lunch, although there could be because managers are so thick that they need to put right, and secondly, cause this "virgin field" is "the greatest opportunity" for the employment of anthropologists.

The main drawback, however, not the intrusiveness of managers, but that anthropologists themselves are too dim to see "ethnocentric" bias as the main chance.

Mars illustrates his article with examples of management's "ethnocentricity". He cites (unperceived by all save sassing anthropologists) between the failure of a piece-work scheme and the sex life of factory girls in the north of England and of a warehouse remuneration scheme in mining Town, London, which ended because it upset the men's system for distributing men goods.

By some stroke of management, good or otherwise, the Royal Anthropological Institute now offering up to 75p for "argently needed" back numbers of Rain.



"With stocks as they are how many years would a coal strike have to last?"

● The Prime Minister's repeated assertions that her Government will not have recourse to the printing presses to finance higher public spending—likely to be reiterated when the money supply figures come out on Thursday—must be a continual source of puzzlement to the 2,000 workers at the Bank of England's printing works at Loughborough, Essex.

There, every day, they print about eight million crisp banknotes—worth about £30m—to be checked, bundled and wrapped (appropriately on an adapted bread-wrapping machine), and sent out for eventual distribution by the commercial banks.

Not surprisingly £1 notes have a busy but brief existence—less than a year on average—before becoming too dirty and dog-eared to use, though larger denomination notes last rather longer. This means that the Bank of England scraps nearly

as many notes as it prints. With about 34 notes for each head of the population circulating at any one time, the Bank has to scrap and print 30 of these every year just to keep the circulation constant.

What then does Mrs Thatcher mean by "printing money"? She is in fact talking about government borrowing from the banks. If the Government cannot borrow enough from the non-bank public, by way of gilt-edged stock or national savings, for example, it can continue to write out cheques to pay for its spending in the normal way. These cheques get deposited with the recipients' banks, who turn to the Bank of England for payment.

Instead of bouncing the cheques, the Bank pays them with government IOUs such as Treasury bills and government stocks. "Printing money" thus means selling more government debt to the banks, not as issuing more notes and fivers.



● The Institute of Trade Mark Agents, the people who stop you pinching other people's names—or their pinching yours—celebrates its 40th anniversary in 1984.

By then, however, Irma hopes to have put paid to comedy in very almost as long-running as the wartime radio comedy programme of the same name.

This is the question of whether the institute, which has 800 members, should not merge with the older-established Chartered Institute of Patent Agents.

It has been dithering on for 10 years, and Keith Havelock, Irma's president, the leader of the pro-merger faction, tells me it is going to be a close thing.

He says the merger would enhance the standing of trade mark agents. A younger element says the same could be achieved by an autonomous, but more lively, Irma council. There is to be a vote on the matter in London today, followed by the issue of voting papers and a decision in April.

Ross Davies



## Stock markets

## Index suffers sharpest fall in two months as fears of miners strike hits confidence

Fears of a confrontation between the miners and the Government combined with the latest gloomy report on the economy sent share prices into sharp reverse yesterday.

As the three-week account entered its second stage, jobbers encountered heavy profit taking as investors offloaded stock after recent gains.

Not even the trade figures, announced at 3.30 pm and at the better end of expectations with a net surplus of £957m during January, offered any consolation to equities. Dealers could only look on and watch as prices drifted steadily lower. Talk centred on the miners' strike today and memories of the Heath Government's downfall.

Confidence was also badly affected by a report from the Charterhouse Group that the end of stockpiling by companies presented a "false dawn" and that the present slump would be worse than that of 1979-80.

Sentiment was also upset after hours by rumours that one of the smaller institutions was in trouble and about to go under.

As a result the FT Index, which had drifted all day, closed 8.7 lower at 484.5, its biggest fall since December 11.

However, there were several bright spots particularly in insurance brokers where the latest fall in the value of sterling, after recommendations by Prof Alan Walters, the Prime Minister's economics adviser, pushed prices higher. Government securities re-

covered in the wake of the trade figures but turnover was described as low and conditions thin. Rises in Jongs ranged up to £1, while in shorts improvements of around £1 were recorded.

Leading industrials saw ICI tumble 8p to 292p as jobbers bought stock. Glaxo lost 6p to 264p, Unilever 5p to 453p, Hawker Siddeley 6p to 256p, Lucas Industries 3p to 159p, GKN 4p to 148p and Metal Box 6p to 186p. BOC International reporting later this week eased 2p to 118p.

Adverse comment ahead of Lloyds Bank's figures on Friday saw another shakeout in banks, where speculation persisted about a windfall tax in the Budget on March 10.

Lloyds itself, where the market is taking a pessimistic view, dropped 11p to 325p. Barclays fell 11p to 395p, while Midland 13p to 325p and National Westminster 11p to 365p.

The falling pound has CE Heath 10p higher at 208p. Willis Faber put on 8p to 286p and Sedgwick Group added 3p to 121p. Minet Holdings held steady at 94p. But among the composites Commercial Union fell 1p to 149p, General Accident 4p to 292p, Royal

Insurance 4p to 356p and Sun Alliance 2p to 752p.

Properties saw profit taking after recent improvements with MIFC 5p cheaper at 236p, Land Securities down 10p at 396p and Hammerson "A" 20p lower at 635p. But MPT Kent rose 6p to 118p after announcing a City of London property deal worth £2.4m and Countryside Properties hardened 2p to 79p on the formation of a new property investment company.

Shares of Thomson T-Line were suspended at 67p after a bid approach and the sale of J. F. Nash of its 11 per cent

stake to an unknown buyer. Meanwhile, shares of Crest International returned to the market in their new form at 10p and quickly rose to 14p.

On the bid front, London Sumatra rose 3p to 355p on further confirmation of its approach to Harrison & Crossfield, 13p stronger at 788p.

In foods comment on the possible outcome of the bid by

S & W Berisford, down 1p at 180p, and now resting with the Monopolies and Mergers Commission, saw British Sugar unchanged at 263p while United Biscuits was 2p lighter at 86p. Associated Fisheries reporting Thursday, slipped 2p to 53p.

Favourable weekend comment was good for a 15p rise in Geest Deris at 170p while adding 4p to Henlys at 81p and 4p to Geers Gross at 64p. But adverse mention left Carrington Viyella 11p easier at 113p in textiles. Speculative buying ahead of figures due out in April added 21p to Queen's Moat Hotel at 41p with J. Jarvis another firm

taking 14p better at 166p. Profit taking left Matthew Hall 21p lower at 345p and in engineering Davy Corporation retreated another 6p to 142p still fighting off the advances of Enserch from the United States.

In shipping, Reardon Smith "A" ended a good run, slipping 6p to 149p along with Walter Runciman, 5p off at 138p. Recent losses continue to upset Manchester Ship Canal, 9p down at 151p.

The tight conditions of late in stores showed some easing with GUS "A" 1p lower at 485p, BBS 2p off at 154p and Boots down 7p at 246p. House of Fraser closed 1p down at 144p after the release of the official offer document from Lombe, unchanged at 89p.

Rediffusion climbed 6p to 124p in electricals after the sale of its Hongkong interests with Sound Diffusion harden-

ing 3p to 79p on the back of press comment. Elsewhere in electricals, Hoover eased 2p to 128p, ahead of figures this week, while GEC lost 15p to 631p, Racal 1p to 339p and Plessey 2p to 301p.

Drake & Scull managed a 1p rise to 34p despite a profits setback which had been widely expected.

Oils spent a lacklustre session with prices marked sharply lower despite the general lack of selling pressure. Among the majors, BP fell below the 24 mark with 10p fall to 398p while Ultramar shed a similar amount at 473p and Shell lost 8p to 410p. Burmah was another weak market, losing 5p to 179p, as was Lasso, down 25p to 644p. Berkeley Exploration slipped 3p to 243p.

RTZ was the main feature in an otherwise dull mining sector, rising 10p to 398p amid press comment. Cons Gold Fields improved 3p to 426p in sympathy. Among gold shares, W. Rand Cons advanced 6p to 171p, Bracken Mines 7p to 155p and Middle Wits 2p to 660p, but Elsberg Gold fell 8p to 164p and Seatrut 10p to 310p.

Equity turnover on February 13 was £119,607m (15,228 bargains). Active stocks yesterday, according to the Exchange Telegraph, were GEC, Shell, ICI, BP, Godfrey Davis, Fisons, GKN, Plessey, Land Securities, Bechem, Geers Gross, Marks & Spencer, Metal Box, Racal, Comco and Distillers.

Traded options: The setback in equities resulted in a quiet session, although Marks & Spencer attracted 355 contracts out of a total of 708.

Traditional options were also in a subdued mood although calls were made in FNFC at 21p and Newman Industries at 31p.

## Drake &amp; Scull dips but payout is held

By Peter Wainwright  
Drake & Scull Holdings, the mechanical, electrical and general engineer, lifted turnover from £73.06m to £94.7m, but lowered pretax profits from £2.63m to £2.17m in the year to October 31. But dealers were relieved that the fall was no worse and the directors, led by Sir Monty Finiston, maintained the gross dividend at 3.93p a share, with a 2.15p final.

The shares duly hardened 1p to 34p. At one time last year they were 47p.

The fall reflected a loss from one of the associated companies and competition pressing on profit margins. But in 1979,



Sir Monty Finiston, chairman of Drake & Scull

the group had to set aside £901,000 in deferred tax, the main component of a total tax charge of £1.15m.

This year the group has set aside no such provision, thanks to proposed changes in tax law on stock appreciation relief. That took the total charge down to £690,000, which meant that net profits ended only £2,000 down at £1.48m.

The group has also taken credit for the sale for £551,000 of the Greyfriars Centre, Ipswich. The result was that attributable profits actually rose from £1.73m to £2.72m. Earnings a share (before extraordinary items) slipped only slightly from 6.7p to 6.2p.

At half-time, shareholders were told that unavoidable delays in several big overseas contracts were to blame for a drop of nearly 40 per cent in pretax profits.

The group has, then, made good its indication of turnover for the year bearing £80m and recovered in terms of profits to the point where annual profits were only 17 per cent down.

There is still, however, no word of the group's acquisition programme. In the last accounts, the late chairman spoke of an active appraisal of several companies. But no outstanding prospects on acceptable terms were found.

But he added that 1980 would prove to be a year of opportunity for companies with well proven management and healthy cash resources. With the latest figures, it is reported that shareholders' funds rose by £1.86m to £4.86m.

## Rediffusion sells Hongkong TV stake for £9.7m

By Peter Wilson-Smith  
Rediffusion, the 53 per cent owned British Electric Traction subsidiary with interests in television rental, computers and broadcasting, is finally curbing its losses in Hongkong. In a £9.7m cash deal, Rediffusion is selling a controlling interest in its 81 per cent owned television station, Rediffusion Television Ltd. of Hongkong (RTV) to a consortium of Australian companies.

The station has been a perennial loser since since Rediffusion was granted a broadcast licence in Hongkong seven years ago and with ungroupable annual losses in the region of £2m a year, has been a constant drain on the group whose latest results for the half-year to September 30 showed pretax profits of £6.97m on sales of £108m.

Mr David Smith, company secretary, said that RTV "hasn't made a profit yet," but was not prepared to disclose the accumulated loss over the years. "We haven't ever published them," he said. However, on the basis of £2m annual losses, RTV is thought to have cost Rediffusion over £10m since its inception, because of its failure to lift ratings and draw enough advertising revenue.

Rediffusion retains 19.9 per cent in RTV but with no obligation to provide further capital. There is no further write-down on the sale.

Of the HK\$120m (£9.7m) consideration, HK\$80m is for the property and the rest for other assets, plus a small element of goodwill. The deal is subject to approval of the Hongkong government.

Relieved that Rediffusion has finally extricated itself from Hongkong losses, the stock market pushed the shares up 6p to 124p, adding nearly £5m to the group's market value.

The Australian consortium which ends up with 61.2 per cent of RTV, leaving existing Hongkong shareholders with 18.9 per cent, comprises Davi Syme and Co and Henry Jones (IXL) involved in newspaper and broadcasting respectively. The third member is RTZ subsidiary, CRA with a wide range of mining interests.

A joint statement read: "The consortium is confident that by combining its management and media expertise with existing skills at the station, RTV will build its ratings and achieve good profits."

Rediffusion, which has a 1 per cent interest in Thame Television and 17 per cent in Capital Radio, is expected to be shortly awarded several licences in a new pilot scheme for cable television.

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